

Seoul Tries to Play Down Moscow Admission on Flight Data

By James Sterngold
New York Times Service

SEOUL — The South Korean government, in the midst of a closely fought presidential campaign, has suffered a major embarrassment with Russia's acknowledgment that it knew that the tapes had been removed from flight recorders of a downed Korean airliner when President Boris N. Yeltsin handed them over to President Roh Tae Woo last month.

The so-called Northern Policy has aimed to isolate the hard-line Communist regime in North Korea by opening relations with its former allies, including China and Russia.

The tapes could contain highly embarrassing information for either Russia or South Korea. It remains a mystery why the airliner strayed hundreds of miles off course, leading it over Soviet airspace, near Sakhalin Island.

WORLD BRIEFS

Algeria to Impose Overnight Curfew

ALGIERS (Reuters) — Algeria on Wednesday declared an indefinite overnight curfew to crush Muslim fundamentalist extremists.

Yeltsin Plans to Lease Sites on Kurils

MOSCOW (AP) — President Boris N. Yeltsin proposed in a decree published Wednesday that foreigners be allowed to lease land in the Kuril Islands, an idea likely to create renewed friction between Russia and Japan.

Brazil Senate Votes to Indict Collor

BRASILIA (AP) — The Brazilian Senate on Wednesday voted to indict President Fernando Collor de Mello for corruption and influence-peddling, opening the way for his permanent removal from office.

Pakistan Bomb Report Worries U.S.

WASHINGTON (AP) — The State Department expressed continued concern on Wednesday over Pakistan's nuclear capability and said American officials were still unable to certify that Pakistan has no nuclear bomb.

French Want Bigger UN Peace Role

PARIS (Reuters) — France should have a bigger say in running UN peacekeeping forces around the world since it provides more than a seventh of all the troops, a Senate report said Wednesday.

U.S. AIDS Vaccine Test on Humans

BETHESDA, Maryland (AP) — A National Institutes of Health advisory committee endorsed plans on Wednesday for national AIDS vaccine trials on human subjects but denounced a congressional act that mandated the trials.

For the Record

London policemen blocked a terrorist attack by blowing up a truck loaded with explosives that had been parked in the Tottenham Court Road area. A caller claiming to belong to the Irish Republican Army told The Associated Press in London late Tuesday that four bombs had been planted in the area, a major shopping district.

TRAVEL UPDATE

Poland and the Netherlands signed agreements Tuesday to allow more passenger flights between the two countries from next year, the PAF news agency said.

Tokyo's Troubled Airport

New \$1.36 Billion Terminal Is No Cure-All

TOKYO — Narita, the congested and inconvenient international airport outside Tokyo that has become an embarrassing example of Japanese bungling, will be made a bit less crowded on Sunday when a new \$1.36 billion terminal building opens.

But the benefits of the additional space will be minimized next year when a two-stage renovation of the main terminal begins.

Test of Support in Singapore

Prime Minister Expected to Win By-Election

SINGAPORE — Prime Minister Goh Chok Tong, seeking to strengthen his political authority following the recent announcement that his two deputies have cancer, will run in a by-election later this month, his office said Wednesday.

Khmer Rouge Seize 6 UN Soldiers

By William Branigan
Washington Post Service

MANILA — Six United Nations peacekeepers were seized by Khmer Rouge guerrillas in central Cambodia and seven others were wounded by mines or gunfire on Wednesday after the Security Council imposed economic sanctions on the radical rebel group in an attempt to force its compliance with a founding UN peace plan.

Li Denies China Is Seeking Southeast Asia Domination

HANOI — Prime Minister Li Peng of China denied Wednesday that Beijing wanted to expand its influence in the region and said its newly normalized relations with Vietnam would help ensure stability in Asia.



BAD DAY FOR BAD GUYS — Hong Kong police rushing Wednesday into the hideout of a gang suspected of kidnaping and robberies. Seven officers were injured by a grenade thrown by one of the arrested gang members, six men and a woman. In another incident, the police exchanged fire with a gang from China that was fleeing after a robbery and hijacked two tourists in a taxi. Two robbers were killed, three were hurt, as were eight policemen and civilians.

Partial Verdict Barred in Iran-Contra Trial

WASHINGTON — Jurors tried to deliver a partial verdict Wednesday in the Iran-contra trial of Clair George, a former CIA official, but were told to complete their deliberations before announcing a decision.

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Imperial Hotel
TOKYO

CHINA: A Conflict About Power, Mistrust and Pride

(Continued from page 1) Kong under the pretext of "political reform" the newspaper suggested darkly that Mr. Patten's real plan was to "impede China's magnificent cause of reunification."

In Saudi Arabia, Pentagon Bars Women at Wheel

MANAMA, Bahrain — American servicemen have been ordered out to drive in public in Saudi Arabia to avoid conflict with the kingdom's Islamic society, U.S. military sources said Wednesday.

Israel Takes a First Step On Legal Prostitution

JERUSALEM — Israel's parliament took the first step on Wednesday toward legalizing prostitution and allowing women to offer sex to customers on cruises in the eastern Mediterranean and hotels.

TRANSITION / A MESSAGE FROM CLINTON

Inauguration Gala: 10 Black-Tie Balls and a Clothing Drive

By Paul F. Horvitz
International Herald Tribune

WASHINGTON — The five-day gala that will usher President-elect Bill Clinton into office next month will be big, bold and, above all, filled with symbols of popular inclusiveness.

The new president will arrive by bus from the home of Thomas Jefferson in the Virginia hills. He will open the White House for three hours to anyone wishing to shake his hand. Ordinary Americans who inspired Mr. Clinton during the campaign will be honored at a luncheon. Food and clothing will be gathered for the homeless.

These events are designed, in part, to send a message about the kind of president Mr. Clinton intends to be. Inaugural organizers said. They have given the entire affair a theme: "An American Reunion: New Beginnings, Renewed Hope."

Quincy Jones, the musician and producer, will organize a festival, free concert and fireworks outside the Lincoln Memorial the Sunday before Mr. Clinton takes his oath of office. Entertainers, possibly includ-

ing Barbra Streisand and Judy Collins, will perform at a televised "American Gala" at a suburban sports arena.

But tradition and elegance will not be lost. On Jan. 18, a holiday honoring Martin Luther King Jr., special commemorative events will be held. A prayer service and congressional reception will open Inauguration Day, Jan. 20, before Mr. Clinton takes the oath of office at noon. Ten black-tie balls, with 65,000 invitees, will follow throughout the capital that evening, one especially for residents of Mr. Clinton's home state of Arkansas.

"This inaugural is going to be an open inaugural, an accessible inaugural and a dignified inaugural," Ron Brown, national chairman of the Democratic Party, said Wednesday in announcing the festivities.

"Bill Clinton is absolutely committed to being an accessible president, fully in touch with the American people," he said.

Mr. Brown said that several events would stress the participation of youth to "connect with" a new genera-

tion of voters who supported Mr. Clinton, 46, and his running mate, Senator Al Gore, 44.

He pointed out that the cost for all the events — less than \$20 million, by his estimate — would be below that of the three most recent Republican inaugurations and that the \$125 ticket price for the balls would also be below recent Republican balls. President Jimmy Carter reportedly spent less than \$4 million on his inaugural in 1977.

Private donations underwrite the entire affair except for the vast security apparatus being coordinated by the Washington police, the Secret Service and the U.S. Army.

Eight events will be free to the public. The balls will be by invitation only.

The inaugural organizing committee released the following tentative schedule:

Sunday, Jan. 17 — Tour of Jefferson's home, Monticello. Bus trip to Washington following the route Jefferson took for his inaugural. Festival and concert on the Washington Mall at the Lincoln Memorial. Fireworks.

Monday, Jan. 18 — Reception by Mr. Clinton for

diplomats, at Mr. Clinton's alma mater, Georgetown University. American Citizens Lunch for those who inspired the Clintons during the campaign. Various inaugural dinners. Free "American Gala" televised from the Capital Centre in Landover, Maryland. Attendees asked to bring food or clothing for the homeless.

Tuesday, Jan. 19 — Luncheon for current and former state governors at the Library of Congress. "Salute to Children" and "Salute to Youth" at the Kennedy Center for the Performing Arts. "Presidential Gala" at Capital Centre.

Wednesday, Jan. 20 — Prayer service. Reception with congressional leaders. President George Bush and his wife, Barbara, receive the Clintons at the White House. Swearing-in for the new president and vice president at the Capitol. Inaugural address at the Capitol. Congressional luncheon. Parade to the White House. Inaugural balls.

Thursday, Jan. 21 — Open house at the White House, 9 A.M. to noon. Afternoon reception for residents of Arkansas. Evening reception for Clinton campaign staff.

POLITICAL NOTES

Capital Can Be a Shock to House Freshmen

WASHINGTON — Most came to town experienced in politics and government, but House members-elect who gathered to begin their freshman orientation said there still was plenty to marvel at — or get accustomed to — about the ways of Washington.

"I came here prepared, but this is a big system," said Corinne Brown, Democrat of Florida, a former state legislator.

But impressions of 1992 freshmen from their first group visit to Capitol Hill tended to focus on the basic changes coming in their lives. Representative Brown said she was not ready for the fast lanes. "I'm going to try public transportation," she said.

But, cutting across regional and party lines was shock at District of Columbia and suburban real estate prices. John L. Mica, Republican of Florida, described the local market as offering "half the square footage for twice the cost." (WP)

Republicans Primed for a Clinton Hopeful

WASHINGTON — Democrats got a lot of campaign mileage out of charges that President George Bush helped arm Saddam Hussein before the Gulf War. Now, some conservative Republicans on Capitol Hill are gearing up to turn this affair against a Silicon Valley, California, mogul, if President-elect Bill Clinton picks him for secretary of commerce. John Young, president and chief executive of Hewlett-Packard Co. in Palo Alto.

Mr. Young's company sold computers and other equipment to Iraq before the war. Even though the Hewlett-Packard sales were legal, an aide to a Republican senator says that a key question would be pressed at any confirmation hearings for Mr. Young: Would he go overboard selling goods to foreign markets without regard to the potential for spreading dangerous arms? (LAT)

Quote-Unquote

Robert B. Reich, the Harvard University professor who is heading President-elect Bill Clinton's transition team for economic policy, commenting on recent statistics that the economic situation was improving: "We've had false dawns before. There's very little evidence right now that the jobs picture is improving enough to signal a genuine recovery." (Reuters)

Away From Politics

• The Galileo spacecraft will make a second pass by Earth when it travels just 190 miles (304 kilometers) over the Southern Hemisphere on Dec. 8, two years to the day after the spacecraft's first pass, project scientists said in Los Angeles.

• A Pennsylvania researcher reported that freezing tumors in prostate cancer patients can be effective in treating cases once considered hopeless. The technique, known as cryosurgery, has also been successful with liver cancer, said Dr. Gary Onik, an interventional radiologist at Allegheny General Hospital in Pittsburgh.

• A chemical that appears to give diabetic rats insatiable appetites and causes obesity, as well as sites in the animals' brains where abnormal amounts of the chemical are produced, has been discovered by Miami researchers. Neuropeptide Y or NPY is also found in the human brain and the research team's leader said it is the most likely culprit for the appetites and obesity plaguing human diabetics.

• Job-related discrimination complaints reached their second-highest annual figure since the 1964 Civil Rights Act became law, the Equal Employment Opportunity Commission said. It said that for fiscal 1992, there were 70,339 complaints filed — including, for the first time, filings based on the new Americans with Disabilities Act. The record was set in fiscal 1988, with 70,749 complaints.

• A New York City School Board has been suspended for refusing to adopt a multicultural curriculum that, among other things, teaches first-graders to respect and appreciate homosexuals. Accusing the board's members of waging "a malicious and highly organized campaign" to distort the curriculum and alienate parents, the chancellor of the city's schools, Joseph A. Fernandez, appointed three executives from his staff to take over the day-to-day operation of District 24 in Queens and, with parents and teachers, to devise a curriculum that includes lessons about gay men and lesbians.

• A black homeless man said he was beaten by Hasidic Jews in a racially torn New York neighborhood. The man, Ralph Nimmon, 25, told the police that a mob of 10 to 15 Hasidic Jews hurled racial insults and beat him with a small baseball bat behind the building in Crown Heights, Brooklyn, that houses the worldwide center for the Lubavitcher sect of Jews. (Reuters, UPI, AP, NYT, LAT)



President-elect Bill Clinton receiving a Navajo rug from the president of the Navajo Nation, Peterson Zah, in Little Rock.

Clinton Trying to Enlarge 'the Bubble'

By Michael Kelly
New York Times Service

WASHINGTON — Bill Clinton, determined to have in the White House some measure of freedom and privacy, has begun a systematic effort to push the edges of "the bubble," the constricting cocoon of bodyguards and journalists that is every president's shadow.

Since at least the days of Harry S. Truman, presidents have complained of the great sacrifice in movement and privacy the office has come to entail, and many have tried to do something about it. Mostly, they have failed, and the bubble has grown tighter. George Bush lives almost completely within it.

Mr. Clinton is bringing an unusual degree of insistence to the fight, and has already had a measure of success. The Secret Service agents have adjusted their routines to deal with his frequent habit of rushing into crowds and engaging in close conversations with anyone who strikes his fancy.

Now he has begun to push further, seeking escape from the strictures imposed by the system of White House news coverage, in which a president's movements in any public area is covered by a small pool of journalists.

"I wish him well, and he probably can expand the envelope a little, but the practicalities of the mat-

ter make it very difficult to sustain that," said Jody Powell, who was press secretary to Jimmy Carter, another president who liked to keep his private time private. "People are going to want to cover what the president does."

So far, Mr. Clinton is moving much more freely among the public than did Ronald Reagan or does Mr. Bush, and has made it clear to the Secret Service that he intends to continue this after entering the White House.

Bruce Lindsey, a longtime confidant of Mr. Clinton, said the Secret Service had already agreed to his insistence that he be allowed to make his morning runs outside the White House.

Mr. Clinton's method is simple: He does what he wants when he wants it, and does not let reporters in.

When the governor exercises in the YMCA in central Little Rock, the journalists wait outside. When he plays golf, they remain in the clubhouse.

Several weeks ago, when he decided on the spur of the moment to leave the governor's mansion in Little Rock and have a beer in a Mexican restaurant with the commentator Bill Moyers, the journalists assigned to cover his movements that night were unaware.

"You all have been asses ever since we started," Mr. Lindsey told reporters on Mr. Clinton's jet, re-

Critic of Campus 'PC' Quits Humanities Post

The Associated Press

WASHINGTON — Lynne Cheney is stepping down as chairman of the National Endowment for the Humanities, where she has been the Bush administration's most vocal critic of "political correctness" on college campuses.

In a letter to her staff, Mrs. Cheney said she would resign Jan. 20, when the Clinton administration takes office, 16 months before the end of her second four-year term.

Her deputy, Celeste Colgan, will serve as acting chairman until a successor is nominated by the incoming president.

Among her accomplishments, Mrs. Cheney listed the endowment's support for the National Center for History in the Schools at the University of California at Los Angeles and funding for Ken Burns' television documentary "The Civil War."

"I have also seen it as my responsibility to inform the public about controversies on our campuses," she said.

"Ensuring that intellectual freedom is protected and thrives is one of the most important tasks of our day," she said, "and I hope that the endowment will remain a strong advocate of the idea that the university is a place where ideas should clash and compete."

Mrs. Cheney has been an outspoken critic of liberal "political correctness" on college campuses, which demands that multicultural-

ism and the roles of women and minority groups be given equal weight to traditional Europe-based scholarship.

She told The Washington Times, in an interview published Wednesday, that "it would have been a different situation if Bush had won."

Her husband, Defense Secretary Dick Cheney, is frequently mentioned as a potential Republican presidential candidate in 1996.

End Squandering? It's Hard, U.S. Says

By Keith Schneider
New York Times Service

WASHINGTON — After years of effort to transfer government work to private companies, the White House has acknowledged that contractors are squandering vast sums because federal agencies fail to supervise how hundreds of billions of dollars are spent each year.

In a report prepared for Richard G. Darman, the director of the Office of Management and Budget, federal auditors from the White House and 12 agencies said that private companies had been paid for unauthorized and, at times, illegal expenses, including tickets to sporting events, lavish cruises and excessive salaries for executives.

The auditors said that even as the government vastly expanded its use of private contractors to assume duties as basic as writing congressional testimony for cabinet officers and as sweeping as cleaning up widespread environmental contamination produced by the military, the Reagan and Bush administrations tried to save money by cutting the staffs of the federal offices that supervise contracts. Congress approved that policy by approving the administrations' budgets.

A top official of the Office of Management and Budget said the report was intended to draw attention to a basic management problem that was wasting billions of dollars, though the exact amount is not known.

Still, the sweeping assertions about mismanagement and specific recommendations for fixing the problems also make it among the most incisive critiques ever published by the government of a central philosophical tenet of the Reagan-Bush era: the idea that private companies can do the federal government's work better and for less money.

The White House study is the product of a five-month investigation that was prompted by disclosures of mismanagement made over the last year by several congressional committees and the General Accounting Office.

The report is scheduled to be made public in a hearing Thursday by Representative John D. Dingell, Democrat of Michigan, the chairman of the House Energy and Commerce Subcommittee on Over-

sight and Investigations. Mr. Dingell made an advance copy of the report available.

Although opponents have argued that many government responsibilities are inherently unsuitable for private enterprise, Ronald Reagan and George Bush pushed hard to increase government contracts to private companies.

The government spent \$210 billion in the 1992 fiscal year on contracts for goods and services, or roughly one-sixth of all government spending, according to the budget office. The percentage of money spent for contracts has risen sharply over the last decade, according to the budget office.

In several agencies, particularly the Department of Energy, the Environmental Protection Agency and the National Aeronautics and Space Administration, contractors are performing virtually all of the work.

Although investigators are unsure about the amount of money wasted each year, they wrote that there was evidence that the problem is endemic across all the civilian agencies. In almost every instance where auditors took a close look at contracts, they found problems.

Lockwood Greene Inc., a company that held a \$38 million contract at the Energy Department's Oak Ridge National Laboratory in Tennessee, was found by the government to have spent \$3.5 million on unallowable costs like liquor, travel for the spouses of employees and registrations for golf tournaments.

CH2M Hill, an Oregon company that supervises the cleanup of hundreds of toxic waste sites for the EPA and more recently for the Department of Energy, billed the government for parties, country club fees for employees and the use of a corporate airplane, the auditors said. All of these expenses were prohibited, they said.

The problem of fraudulent charges from the private contractors is far from unique to the Bush and Reagan administrations.

But the conclusions of the report by the White House budget office, the first comprehensive study of contracting across all the government's civilian agencies, suggest that such heavy reliance on private companies can only be effective if the government closely supervises its contracts.

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INTERNATIONAL
Herald Tribune

The First Job in Somalia

Both in the United States and at the United Nations, the American offer to dispatch troops to bring aid to Somalia is being treated as an idea whose time has finally come.

In the American view, a Somalia expeditionary force would deliver relief and suppress the warlords and gangs, but would not undertake to establish a new administrative or political order.

Assignment for Bush

Although George Bush may be brooding about his defeat, rewarding work awaits him in his final weeks. One major priority is to complete a task nobly begun — dismantling the nuclear-armed republics of the former Soviet Union.

on its missiles, thus avoiding the costs of building new single-warhead missiles and silos to shelter them. Washington can afford to be accommodating if it can verify the changes Moscow is proposing.

Recovery for Whom?

It is welcome news if the American economy is finally recovering at a healthy rate, but not everyone is participating equally in the recovery.

Even staunch defenders of the rest of the record of the past 12 years will concede that the economy is leaving too many people behind.

Other Comment

One Billion Rural Poor
Human resourcefulness is one of the world's most undervalued assets; nowhere is that more evident than in the plight of the world's rural poor.

What Somalia Needs
A political understanding acceptable to all parties remains the only basis to restore security and stability to Somalia.

INTERNATIONAL HERALD TRIBUNE
KATHARINE GRAHAM, ARTHUR OCHS SULZBERGER
LEE W. HUEBNER, Publisher
JOHN VINOCUR, Executive Editor

Troops to Somalia: A Puzzling Good Deed

WASHINGTON — The sudden offer by President George Bush to send a division of American soldiers to face down Somalia's warlords is mysterious in its timing and logic.

By Jim Hoagland
Mr. Bush, Mr. Cheney and General Powell have thus far failed to explain clearly the strategic causes and consequences of their change of heart on committing massive force to Somalia.

At one level, the case for intervention is clear — as it has been for months. Feeding starving Somali civilians and preventing hundreds of thousands of deaths in the Horn of Africa is a noble, urgent purpose.

By Raymond Bonner
In Nairobi — Before America rolls into Somalia, because the United Nations has failed there, it had better understand what it is getting into.

Neither ease nor guilt is sufficient reason for a nation to engage its military force abroad, during hostilities.

There is another, astonishingly simple way to reduce the mayhem and starvation. During a trip to Somalia I asked a friend in his 20s what the world should do.

For Hong Kong There Is No Return to Square One

HONG KONG — Governor Chris Patten argues that democratic reforms are essential for the long-term survival of Hong Kong's life-style.

By George Hicks
Hong Kong may be 98 percent Chinese, but its identity, culture and history put it in another world to the hard-liners in Beijing.

Confrontation Isn't the Way Forward

LONDON — For the first time since Britain seized Hong Kong during the Opium War, the governor of the colony has become an international figure.

By Bryce Harland
Britain should be cast to the wind. Mr. Patten's proposal has received widespread support in Hong Kong.

OPINION

One Cheer For Our Politicians

By Flora Lewis
PARIS — Recent events, including the American presidential election and the lead-up to the French election, have combined to highlight the general sense that politics has lost its purpose.

First Buy Up the Youngsters' Guns

By Raymond Bonner
In Nairobi — Before America rolls into Somalia, because the United Nations has failed there, it had better understand what it is getting into.

These are strange ideas, reflecting the current popular disaffection as well as a forgetfulness of how democracy functions.

1892: Not Real Burns

PARIS — A couple of years ago, Mr. Kennedy, a New York banker, presented to the City of Edinburgh an alleged autograph copy of some poems of Robert Burns.

surprised by the sudden onrush of the German waves. They flung away their tools, took rifles and ammunition from fallen soldiers and helped to stem the tide.

1942: Mussolini Replaces

LONDON — [From our New York edition:] Premier Benito Mussolini, in answer to Prime Minister Churchill's threat to bomb Italy out of the war, said today (Dec. 2): "We have spent hundreds of millions of lire on shelters that can resist the highest bombs."

Further, rival parties have proved to be the most intelligent, efficient way for politicians to develop and practice their skills.

1917: Americans Fight

BRITISH FRONT — American soldiers fought shoulder to shoulder with the British troops before Cambrai on Friday (Nov. 30). The Americans were working on railway construction and repairs when they were

So I give a cheer for politicians — and I would give two more if they would clean up their acts.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

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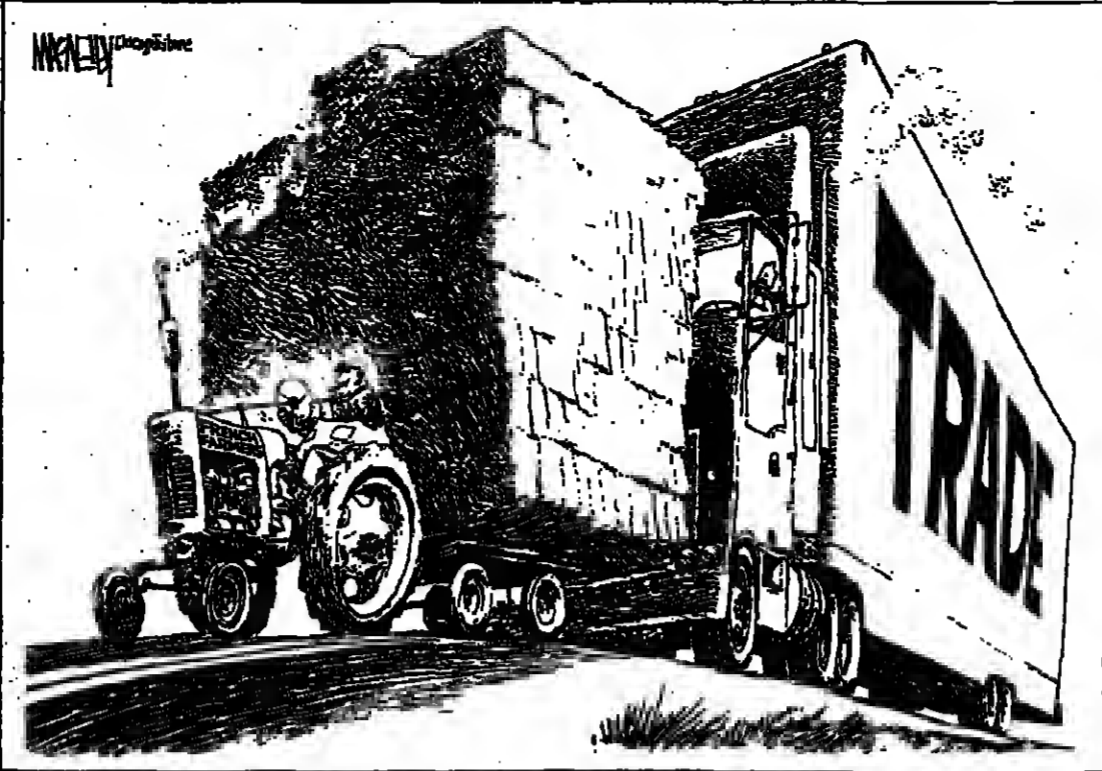
OPINION

These Cautious Overseers Won't Rebuild America

By Robert Kuttner

WASHINGTON — The recent signs of U.S. economic growth only complicate the choices facing Bill Clinton...

under his chairmanship, has been a nest of special-interest legislation. As Treasury secretary, Mr. Bentsen supposedly could help Mr. Clinton get budgetary compromises through Congress...



No, We Can't Have It All: A Reality Check for Clinton

By Peter G. Peterson

NEW YORK — We have spent the last couple of years undergoing a reality check. No, it's not morning in America. No, we can't have it all. Yes, deficits matter...

strategy stalemated and truculence at trade talks. Get America's private sector investing again. Enact a focused investment tax credit and a research and development tax credit.

Get America's public sector building again. Propose an ambitious public-sector infrastructure program in which funds will go to projects that truly enhance productivity.

The Jews and the Japanese: Some Myths to Beware Of

By Sheila K. Johnson

LOS ANGELES — In July, the Tokyo weekly Shukan Post published an article entitled "Japanese Corporations Are Dogged by the Stock Manipulations of Jewish Capital."

ianity, takes the Jewish menorah rather than the cross as its chief symbol and conducts annual pilgrimages to Israel.

MEANWHILE

particularly since they usually cannot tell a Jewish foreigner from a gentile. Many Japanese also profess to admire Jews as intelligent people with business acumen and strong ethnic loyalties.

Mr. Shillony notes that one reason that the idea of a common ancestry of Jews and Japanese "still fascinates segments from both societies is that it satisfies the Jewish desire for larger numbers and the Japanese yearning for deeper roots."

Design and fight for a cap on the yearly growth of federal spending. Meet such a cap by taxing welfare for the well-off while assuring households near the poverty line that their safety net will not be touched.

It is often said that the United States is not really a "melting pot" but more of a "salad bowl," where ethnic groups have retained some of their cultural traits through generations.

Put the middle-class tax cut on the back burner for now. Set up bipartisan commissions now to deal with long-term issues that have too long been deemed untouchable: comprehensive health care and entitlements.

Would that Jews and Japanese also were more skeptical of self-characterizations. But if solid research and insightful analysis can help dispel such myths, Mr. Shillony's book should do much good.

These are tough challenges. But they offer Bill Clinton a chance to be the great president of a great nation.

The writer is an anthropologist and author of "The Japanese Through American Eyes." She contributed this comment to the Los Angeles Times.

LETTERS TO THE EDITOR

The Fire Next Door

Your recent reports on "ethnic cleansing" in Bosnia produce a sense of outrage and fury, but let us not pretend that we haven't known about this all along...

A Matter of Choice?

Paul Cellucina refers in his article, "Republican, Gay and Pro-Clinton" (Opinion, Nov. 13), to Vice President Dan Quayle's repeated insistence that homosexuality is a "lifestyle choice."

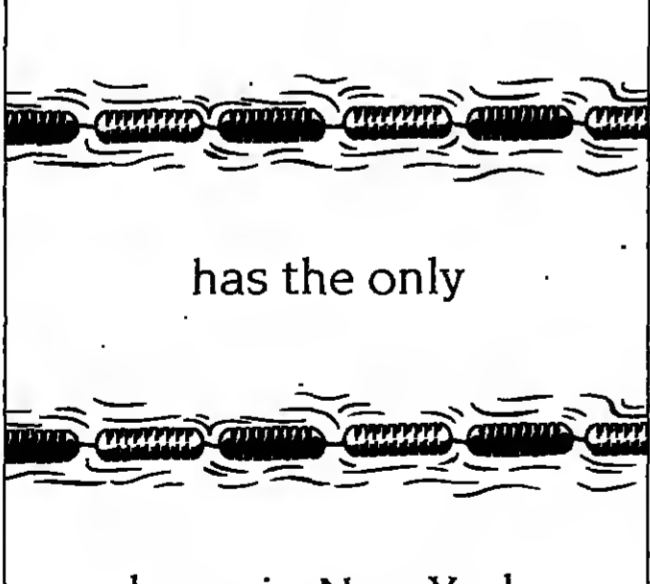
Overhead Smash

Regarding "ATP Battles, but Few Casualties" (Sports, Nov. 21): As a tennis enthusiast, I found the article on the ATP championships in Frankfurt frivolous and annoying...

Making Monetary Sense

The European Community has shed many cares over its monetary crisis. But the writing was on the wall from the beginning. There are two monetary axioms one cannot transgress with impunity.

Peninsula's rooftop pool



lanes in New York

At Sea, Safety for All

Regarding "French Divers Find Life Raft, but No Sign of Plane" (Nov. 26): There are sailors and there are sailors. I wasn't brought up at the local yacht club. I went to a maritime college in Norway, sailed for 10 years and am qualified for an unlimited master mariner's certificate...

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A Casualty of His Old War Flag

German Executive Steps Down Under Fire

Compiled by Our Staff From Dispatches

BONN — A German business executive has resigned after sparking fierce criticism for hoisting the German imperial war flag in his yard and stirring memories of industrial support for Hitler.

Karl Dersch, marketing director of Deutsche Aerospace, denied any affiliation with neo-Nazi groups, saying he was not aware of this association with the flag of Germany's former Imperial Navy.

Mr. Dersch called the flag a "favorite souvenir of sailors and members of the navy," saying he had received it 15 years ago as a gift, hung it on the mast and forgotten about it.

The flag, flown by the German Navy in World War I, and now widely used by German neo-Nazis at marches and rallies, shows a black crowned eagle, symbol of the 19th century German Reich, against a black iron cross.

The chairman of Deutsche Aerospace, Jürgen Schrempf, said in a statement late Tuesday that Mr. Dersch had informed him he would resign, saying it was in the best interests of both the aerospace group and its parent company, Germany's biggest industrial group, Daimler-Benz AG.

Mr. Schrempf said the director's resignation had been accepted, adding, "I respect the decision of my colleague, of whose fundamental democratic belief I am completely convinced."

Mr. Dersch had helped to organize a celebration of the 50th anniversary of Hitler's "wonder weapon," the V-2 rocket, in Penzance in October. The celebration was canceled after a storm of international protest.

There were these related developments as Germany struggled to cope with a surge in neo-Nazism:

- A young rightist radical, arrested in the arson deaths of a Turkish woman and two girls, attempted suicide Wednesday, the chief federal prosecutor's office said in Karlsruhe. Hans-Jürgen Förster, a spokesman for the federal prosecutor, said that Lars Christiansen, 19, who was arrested on Monday, had slashed a wrist, seriously injured himself, early Wednesday morning.
- In Copenhagen, the Israeli foreign minister, Shimon Peres, called on European countries to ban neo-Nazi groups and adopt new laws if necessary to combat far-right violence.

(Reuters, AP)



A young Somali, Ali Hassan Abdi, 22, wearing an American flag shirt, said Wednesday in Mogadishu that "I like the deployment of U.S. troops to protect relief supplies, but also to build a new Somalia."

CIA Warns Bush On Somali Mission

By Elaine Sciolino
New York Times Service

WASHINGTON — President George Bush made his proposal to send troops to Somalia on a short-term mission to deliver food and restore order despite the analysis of the CIA that prospects for the restoration of a stable Somali government were bleak, according to senior administration officials.

The officials said Robert M. Gates, the director of Central Intelligence, and his senior analysts agreed with the assessment of policymakers and military leaders in the administration that in its narrow definition, the military operation to distribute aid could be carried out quickly.

But senior administration officials said Mr. Gates and his analysts concluded that the anarchy in Somalia was so sweeping, and the warring factions so firmly entrenched, that the country would require long-term international involvement, such as a United Nations protectorate or even a trusteeship by which a country manages a territory on behalf of the United Nations until it is ready for self-government.

During recent briefings at the White House, including the National Security Council meeting last week at which Mr. Bush decided to propose the military plan to the United Nations, Mr. Gates said that UN involvement would have to be long-term, according to officials outside intelligence circles familiar with the meeting.

Ever since Mr. Bush's plan to send U.S. troops to Somalia be-

came public, the administration has repeatedly said that it envisions no greater role for American troops than simply distributing aid. Senior officials said Tuesday that it was far too soon to talk about a long-term UN role, and that consideration of the options has only just begun.

"In contrast to the more concrete ideas on the initial stages, the long-term situation is still at the exploratory stage," a senior administration official said.

But the statements from this and other officials indicated that at least the issue had been discussed in detail in Mr. Bush's inner councils.

Mr. Gates's view, which officials said was shared by Brent Scowcroft, national security adviser, represents one side of the debate in the administration over the mandate of an expanded peacekeeping force in Somalia and that country's long-term future.

Acting Secretary of State Lawrence S. Eagleburger, in presenting the American plan to the United Nations secretary-general, Boutros Boutros Ghali, last week, said the United States envisioned a circumscribed UN period of peacekeeping and a speedy turning over of civil authority to the Somalis, senior officials said.

Mr. Eagleburger also made clear that the U.S. mission was simply to deliver humanitarian aid to Somalia, and that the administration had no intention of eventually running the country under a trusteeship arrangement.

OI: Neo-Nazis Rocking to Inflammatory 4/4 Beat

(Continued from page 1)

even genocide, the music and the bands that play it are blamed for attracting disillusioned youngsters from all levels of society to far-right political causes and inciting them to violence against foreigners.

The police in Britain, Germany, Hungary and elsewhere in Europe say youths often leave the concerts drunk or drugged and ready to attack the first foreigners they meet.

Originally the music was listened to mainly by skinheads, whose numbers are small, Eckart Werthebach, head of the domestic intelligence service estimated there are about 6,500 skinheads in Germany, some 4,500 of them classified as violent, out of a population of 80 million.

About 70 percent of those are under 20, and the youngest, known as "baby skins," are about 12. Almost all are still in school or have jobs. "They are not just dummies, or mentally disturbed," Mr. Werthebach said.

But the success of the Bohse Onkelz's latest recording indicates the groups are reaching a wider audience by toning down their new output while not renouncing their previous work.

The lyrics are carefully phrased so that they do not violate Germany's anti-Nazi laws but make the meanings clear. Annual sales of OI music are estimated to be in the tens of millions of dollars worldwide.

OI music is derivative of punk with some heavy metal touches. It began in Britain in the mid-1970s, pioneered by a still-active band called Skrewdriver.

"It's Britain's one export success of the 1980s," said Tony Robson, a

researcher who follows the movement for Searchlight magazine in London. "It is music for people who believe the Third Reich was the high point of civilization."

The term "OI music" plays on the English name for the Nazi-era leisure organization "Strength Through Joy," according to Mr. Robson. The first long-playing record of neo-Nazi rock was titled "Strength Through OI."

"The quality of the music is truly dire," Mr. Robson said. "They've stripped rock-and-roll of all black or ethnic influences. Most of the bands can barely play their instruments. What's left is about the crudest rock music imaginable. But its purpose is to incite more than entertain."

"An inflammatory effect can certainly be determined," said Carlos Weber, a senior official in the Berlin state prosecutor's office.

Justice Minister Sabine Leutheusser-Schaarrenberger announced that the rightist bands would be a target in the enforcement of Germany's new ban on neo-Nazi activities.

On Friday, the city of Darmstadt decided to ban two concerts by the Bohse Onkelz scheduled for mid-December.

The federal Inspection Office for Writings Endangering Youth has also banned three recordings by Storkraft. "They were banned for sale to youth because they are a call to hate to expel foreigners from our country," said Elke Monssen-Engelhardt, who heads the office. "They are directed against foreigners and advocate race-hatred."

Mr. Petrisch, the Storkraft singer, said on national television, "We play music for Germans who think

German." He said the band had nothing against what he called "strange" races and did not advocate violence. Mr. Petrisch, who writes the lyrics to the group's songs, said the band could not choose its fans, nor could it influence what they draw from his lyrics. "We aren't shouting 'siege hell,'" he said. "We can."

Little else has been done to curb the spread of OI music in Germany, despite calls from parents, teachers and various local and international organizations.

Despite the protests, German authorities recently dropped an investigation into Rock-O-Rama Records, a Cologne-based company that is the world's largest producer of OI music compact disks, records and tapes.

"The investigation has been concluded, because of lack of evidence," a spokesman for the Cologne prosecutor's office said.

The banning of three recordings is scant solace to groups that have been pressing Bonn to ban them all. For the past two years, the Anti-Defamation League of B'nai B'rith has pursued the matter from Chancellor Helmut Kohl's office to the municipal levels of German bureaucracy.

"It's astonishing to me that they can't seem to find the material with offensive content, when we can pick it up at shops here in the U.S. and it's all made in Germany," said Irvin Swait, director of the league's fact-finding department. "The German authorities are certainly showing indifference to the worst kind of racism and bigotry."

Most of the big German department store chains and big music stores do not carry OI music.

Japan Won't Send Force to Africa

Agence France-Press

TOKYO — Japan will not participate in sending military force to ensure the delivery of aid to starving people in Somalia, other than to say that Japan would not take part.

Japan enacted this year a bill allowing the dispatch of its troops to join UN peacekeeping activities.

But it has allowed the soldiers to engage only in nonmilitary tasks such as building bridges.

ASPEN: What's a Hollywood Star to Do at Christmas?

(Continued from page 1)

Africa or hunger in the Third World or, in the 1980s, war in Central America.

The farther away the better. In Hollywood, a political issue is embraced as long as one is not personally touched by it.

As one Hollywood producer said, "People who have real estate in Aspen were just freaked out at Barbra."

She felt the community's chill quite quickly. Within days, the musician Don Henley, who has a home in Aspen, was spluttering with anger. Michael Oviatt, the most powerful agent in town, who also has a home in Aspen, conveyed his annoyance to Ms. Streisand. By this week, the faxes from part-time Aspenites were coming in hot and heavy.

So far, the dispute has not affected plans for a big New Year's party at the base of Aspen Mountain, held by Marvin Davis, the oil billionaire. The super-rich are buying plane reservations for their bodyguards and cooks and servants. But Ms. Streisand, who has often gone to Aspen over the holidays, is passing up the opportunity this year.

"Barbra has no plans to go anywhere now," her spokesman said.

Frankfurt Daily Backs Ban On Incendiary Rock Lyrics

International Herald Tribune

FRANKFURT — The daily Frankfurter Allgemeine Zeitung on Tuesday cited a proposed ban on certain neo-Nazi songs as a way of telling misguided youths that their artistic license had been revoked.

"Prosecuting neo-Nazi groups as terrorist cells and the performance of skinhead music as a call to kill — rather than mere evidence of the existence of an exotic subculture — will give the right-wing scene cause to worry," the newspaper said in a front-page editorial.

But the newspaper also peppered its message with exasperation that the federal government had taken so long to act. Actions now being undertaken "are the result of a painful learning process that lasted much too long," it said.

SOMALIA: UN Nears an Accord

(Continued from page 1)

same time, the diplomats added, the resolution must be crafted to assure African governments and other Third World countries that the force is operating within the confines of the UN charter and is not a disguised form of big-power colonialism.

African governments say that, ideally, they would like to see the operation under the direct command of the United Nations.

Because the threat of continued mass starvation and bloodshed in Somalia is so acute, however, African diplomats privately concede that they have no choice other than to accept some kind of U.S.-led intervention.

"The key is that the resolution must not be seen as merely giving a blank check to the United States," said a diplomat from an African country on the Security Council.

UN sources said indications were that the Africans would bow to the realities of the situation if the resolution was worded in a way that symbolically recognizes the plan as a collective effort of the world community.

The Bush administration has offered to provide up to 20,000 troops to neutralize the warring militias that have been thwarting UN attempts to get food and supplies to more than 2 million Somalis in need of help.

Rumblings in Congress

Representative John P. Murtha, Democrat of Pennsylvania, the chairman of the Appropriations Committee's defense subcommittee, criticized the U.S. plans for intervention. The Associated Press reported from Washington.

"It is not in our national interest," said the congressman, whose panel holds the purse strings over the military budget. "I don't think we have the resources."

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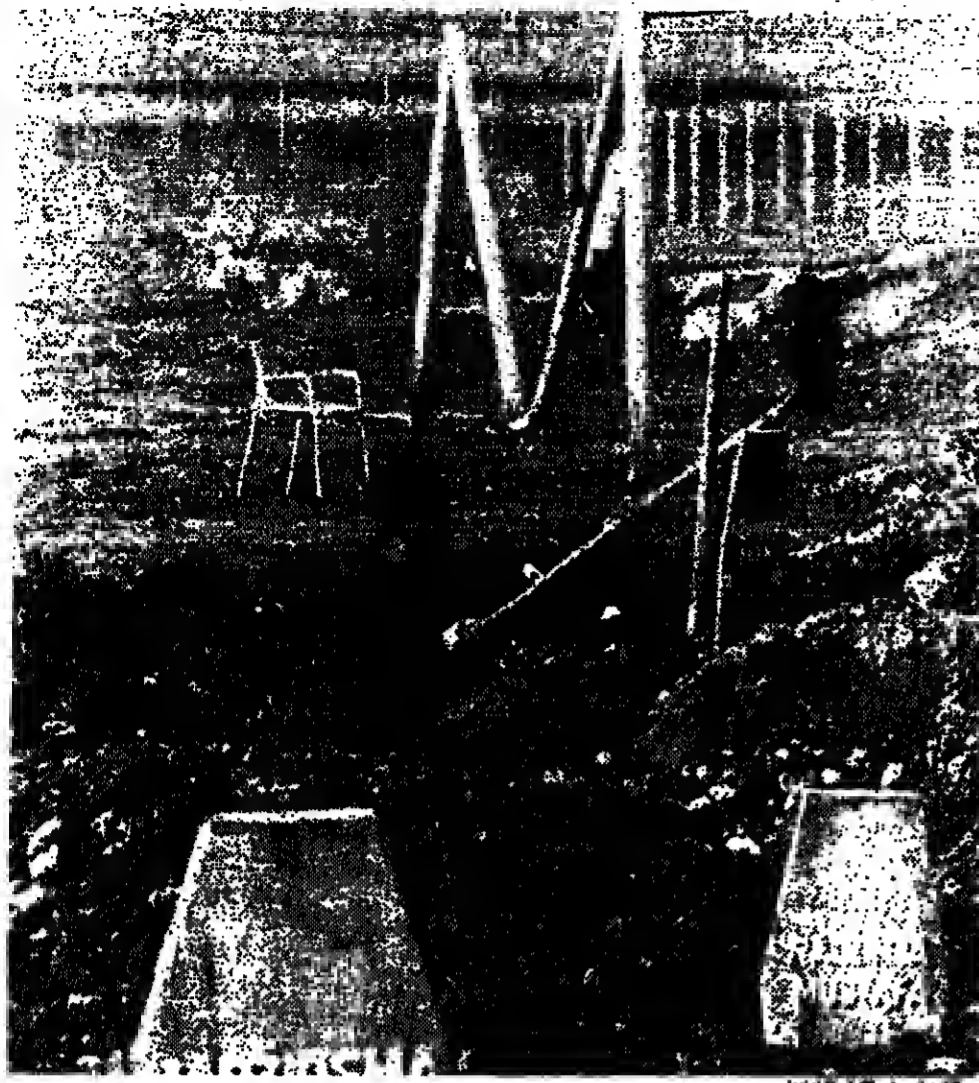
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Herald Tribune

Published With The New York Times and The Washington Post



A gravedigger in Sarajevo, all its cemeteries full, turning Wednesday to a soccer field.

Geneva Talks Set on Bosnia

Up to 30 Foreign Ministers to Attend Dec. 16

GENEVA — Foreign ministers from up to 30 countries will meet in Geneva this month to discuss the war in Bosnia.

The one-day session, on Dec. 16, was originally proposed by France as a full-scale ministerial meeting outside the permanent United Nations-European Community talks on the former Yugoslavia.

But that idea was dropped after widespread diplomatic opposition. Officials said it would now be held as an expanded version of the steering committee of the Geneva conference, but at ministerial level.

"The primary focus of this is going to be Bosnia-Herzegovina, because that's where the conflict is raging, where ethnic cleansing is still going on, and where people are suffering the rigors of winter," a conference spokesman said.

UN officials said Wednesday that Sarajevo had come under its heaviest bombardment in weeks, and they reported intense combat near the airport.

Government-controlled parts of Sarajevo were hit by at least 336 rounds of artillery, tank and mortar fire on Tuesday, according to Major Juan Villalon, a spokesman for the UN peacekeeping force. UN monitors counted 14 rounds hitting Serb positions.

A total of 33 countries and organizations are expected to attend the meeting in Geneva, including a representative from Islamic nations angered by the plight of Bosnia's Muslims.

The agenda for the meeting, at which Cyrus R. Vance, the UN mediator, and Lord Owen, the EC mediator, will preside, has not been set. But diplomats said it was expected to concentrate on ways to curb what was increasingly seen as unacceptable aggression by the Serbs, who have swept through Muslim and Croat regions across Bosnia.

A British official in London denied military options would be on the agenda in Geneva, although he did not rule out such action as a longer-term option.

In Paris, the consultative assembly of the Western European Union recommended that the nine-nation defense grouping consider intervention in Bosnia.

The assembly said plans should be studied "for a European intervention to relieve the Sarajevo region, liberate prison camps and put an end to the policy of occupation and ethnic cleansing pursued by Serbs in Bosnia-Herzegovina."

But in Jidda, Saudi Arabia, Western envoys poured cold water on Muslim hopes of UN military intervention.

"At this point I do not see that there is a chance of using military force," Mr. Vance said after a long meeting with foreign ministers of the 50-member Islamic Conference Organization. (Reuters, AP)

Gaidar Warns of Russian Descent to Third World

By Celestine Bohlen
New York Times Service

MOSCOW — With his job on line and his program under attack, Acting Prime Minister Yegor T. Gaidar told a hostile legislature on Wednesday that Russia must stop inflation and runaway spending or else face the fate of the underdeveloped Third World.

Mr. Gaidar, whose free-market policies are the focus of the Congress of People's Deputies session, gave little ground to critics whom he accused of indulging in "the economics of populism" and of ignoring the dangers of an inflation rate that is now rising at 25 percent a month.

"It is very easy to skid toward the road of underdevelopment," said Mr. Gaidar, a 36-year-old economist. "To achieve this, one doesn't even have to oppose reforms. One

simply has to slow down changes which can help us form a normal market infrastructure."

Mr. Gaidar's defense of his own program was at times jeered by the deputies to the Congress, the country's highest legislative body, which is meeting to review the government and its policies.

Judging from the reaction in the hallways, his speech did little to change the minds of those who think his economic policies have been ruinous for the country and exceedingly painful for its people.

"Mr. Gaidar has shown us again that he is great orator and a great analyst, but that is not what is necessary to lead the government," said Yevgeni A. Ambartsumov, chairman of Russian Parliament's International Relations Committee.

"There was not one word about the situation of the ordinary citizen," he added. "Why did he not address our old people, who are now dependent on handouts from abroad?"

During the course of the Congress, likely to continue for 10 days, President Boris N. Yeltsin is expected to seek confirmation for Mr. Gaidar's nomination as prime minister. According to a popular guessing game in the corridors of the Kremlin, Mr. Gaidar would get the support of the majority of the 1,040-odd member body only if he and Mr. Yeltsin were willing to make further concessions — either in their economic program, or in the cabinet.

The changes in the government will hinge on the Congress's handling of a proposed law on the government, which is expected to be voted on this week by the stand-

ing parliament. But the law, already vetoed by Mr. Yeltsin because of the limits it would place on his ability to name his own government, requires changes in the Russian Constitution.

The various players have been staking out their positions from the podium for the battles to come. On Tuesday, Ruslan I. Khasbulatov, the chairman of the parliament, delivered a stinging critique of the Gaidar government, blaming the policies for a "catastrophic decline in living standards."

But Mr. Gaidar in turn mocked Mr. Khasbulatov's claim that the government was following an "American," or more free-market-oriented, model of development, compared to a Scandinavian model, preferred by the Congress, which favors a stronger role for the state sector.

Unless Russia achieves some form of financial stability and puts an end to political squabbling, Mr. Gaidar said, "then we will develop not according to the American or Swedish pattern but according to African or Latin American patterns."

Mr. Gaidar admitted that he and his government had made mistakes in the last 11 months.

"We failed to take into account the speed with which the crisis worsened," he said. A backlog of internal debts, and a cash crisis early last summer should have been foreseen, and perhaps averted, he said, and export and investment policies should have been better coordinated.

But he rejected the idea that 1992 has been a year of economic failure for Russia. Last winter, he reminded the legislators, there was talk of complete collapse. "Nothing of this sort happened," he said, "there is no threat of hunger and cold. We have completed this very hard period of adaptation in the reforms without major social disasters."

On Guard Over Nationalism, Germany Approves EC Union

By Stephen Kinzer
New York Times Service

BERLIN — Members of the German parliament, warning that increased racial violence here reflects the danger of resurgent nationalism, voted overwhelmingly Wednesday to approve the Treaty of European Union.

Germany became the ninth nation to ratify the treaty, which was signed in the Dutch town of Maastricht a year ago. Portugal is expected to ratify it next week, leaving only Denmark and Britain still to debate their decision.

"We need European union because individual states are no longer able to resolve the political, economic and social challenges we face," Foreign Minister Klaus Kinkel told a receptive but unenthusiastic parliament. "The era of exclusively national politics is over, even and especially in Europe. Only together do we have a future."

Mr. Kinkel said Germany's strong vote for the treaty would be "a clear signal to the other member states that we take European unification seriously, and that we want no return to the bad old days of nationalism, struggles for hegemony and balance-of-power politics."

Under the Maastricht treaty, the European Community aims to eliminate most economic and political barriers among member nations, adopt a single currency, and forge common policies on foreign affairs, defense and immigration.

Of the 568 members of the Bundestag who voted in Bonn on Wednesday, 543 voted in favor or ratification. Their mandate clears the way for a series of legal and constitutional changes that Germany must make in order to conform to the treaty.

Later this month, the upper house of parliament, the Bundesrat, must also approve the treaty, but that vote is considered a formality.

Since the treaty was signed in February, unease about its sweeping provisions has spread through several member nations. Danish voters rejected the treaty in a June referendum, and three months later French voters approved it by only 51 to 49 percent.

"Denmark is planning a second referendum," scheduled for May. In Britain, where Parliament will make

the final decision, Prime Minister John Major is pressing for ratification in the face of strong dissent in his Conservative Party.

The debate in Bonn on Wednesday showed that all of Germany's major political parties approve of the Maastricht process. Even many of those who voted for the treaty, however, also criticized it.

Chancellor Helmut Kohl said he wished the treaty had been written "quite differently." The first opposition speaker, Heidemarie Weiszorek-Zeul, described it as "very short on democracy."

"We have lost our dream of Europe and gotten Maastricht instead," lamented Gerd Poppe, a former dissident in East Germany.

All of these speakers, however, said that although they recognized flaws in the treaty, they approved of its underlying principles.

"Someone who is against Maastricht is not necessarily against Europe," Mr. Poppe said. "But the opposite proposition, that anyone who favors Europe must favor Maastricht, is undoubtedly true."

Many advocates of the treaty referred to German history, saying it had given Germans the responsibility of supporting all moves against nationalism and intolerance.

"At a historic moment, one cannot say 'Not this way' or 'Not now,'" said Ginter Verhagen, a leader of the opposition Social Democratic Party. "This vote is about whether European union will fail in Germany, or because of Germany."

The only party that opposed the treaty was the Democratic Socialists, successors of the Communists who ruled East Germany for more than 40 years. Hans Modrow, a former East German prime minister, said that many Europeans feared the treaty would "dismantle their democratic rights, worsen their social situation, and destroy their cultural identity."

But Chancellor Kohl assured Germans that the adoption of a single European currency would not endanger the monetary stability they have enjoyed in recent decades as a result of the Bundesbank's anti-inflation policies.

"Only those countries with the will and ability to adhere to policies of strict stability will be able to join the currency union," he said.

German Minister Wants Army Unit With the Dutch

Compiled by Our Staff From Dispatches

BONN — Defense Minister Volker Rube wants to set up a joint German-Dutch army corps that would be directly under NATO command and independent of the French-German Eurocorps, German officials said Wednesday.

The 40,000-man corps would comprise two German units and one Dutch unit, they said. Mr. Rube has also suggested some naval and air cooperation, they said.

The joint force will be completely "separate" from the seven-month-old Eurocorps, an official said. He said the proposed corps would be one of a number of "multinational structures" intended to replace NATO's Cold War structure, which had largely static forces deployed in Germany.

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Neighborhoods: Monaco, a principality of 1.08 square miles (195 hectares), extends along the Mediterranean 9 miles (14 kilometers) east of Nice. Monaco Ville, or "the Rock," is the headland on which the old town is located, including the Palace, the Cathedral and the Oceanographic Museum. Just to the west is La Condamine, with its natural harbor. Beyond is Monte Carlo, famed for its casino and the site of the Congress Center. Fontvieille, east of Monaco Ville, is home to light industries and the Louis II Stadium.	Neighborhoods: The second-largest city on Lake Geneva, Lausanne is the capital of the Vaud canton. Built on several hills, it rises more than 390 feet from the lakeside suburb of Onchy, its port. The old town is largely a pedestrian sector, and features the 13th-century Cathédrale de Notre-Dame and the Château Saint-Maire, begun in the 14th century. The 17th-century Town Hall dominates La Palud square, where figures from Lausanne's history appear every hour on the clock. Near Onchy are Vidy, with boat moorings, and a park and bird sanctuary.

CALENDAR

- MONACO JANUARY 21-28: 61st Monte Carlo Automobile Rally
- LAUSANNE JANUARY 26: Schubert-Schumann Concerts, "Trios for piano and strings," Casino de Montbenon, Salle Paderewski. Tel. 23 83 87/20 26 35
- MONACO JANUARY 27-29: IMAGINA, Monte Carlo Forum on New Images, Centre de Congrès. Tel. 93 50 93 00
- LAUSANNE JANUARY 28-FEBRUARY 2: AGRAMA, Swiss Fair of Agricultural Machinery, Palais de Beaulieu. Tel. 643 2111
- MONACO JANUARY 28-FEBRUARY 3: 17th International Circus Festival of Monte Carlo, Esplanade de Fontvieille. Tel. 93 25 18 68
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EUROPEAN TOPICS

Welcome, Prague, To the Wild West

Crime has more than doubled in Prague and the Czech republic since Communist rule ended three years ago, the police say.

In many of Prague's baroque churches, visited by thousands of tourists annually, large signs warn about pickpockets.

Around Europe

In Paris, the Lycée Voltaire became the capital's first high school to install a condom dispenser...

The principal of a Versailles school where a distributor was installed earlier says the machine there gets few takers.

Since Sweden made it a crime in 1966 for parents to beat their children, similar laws have been passed by Finland, Denmark, Norway and Austria.



ACCESS TO THE ROYAL EAR — The Prince of Wales, pretending to whisper in the ear of a new life-size bronze bust of himself in London.

British public restrooms get high praise in a letter to the editor of the Frankfurt Allgemeine Zeitung.

Signs of greener times: Lichen is returning to the trees of Paris, to the joy of environmentalists.

strom, head of the Swedish section of Save the Children, told The Independent of London.

Radio Vatican, breaking a long-time taboo, plans to carry commentaries for the first time.

of using on-board power for ion- streams, air-conditioning and lighting. The companies will save money, the airport will make a profit on electricity fees and pollution will be reduced.

"Fiste Angels" will patrol the slopes of some Tyrolean resorts this year to spot reckless or obviously drunk skiers and persuade them, as gently as possible, to take a break.

Brian Knowlton

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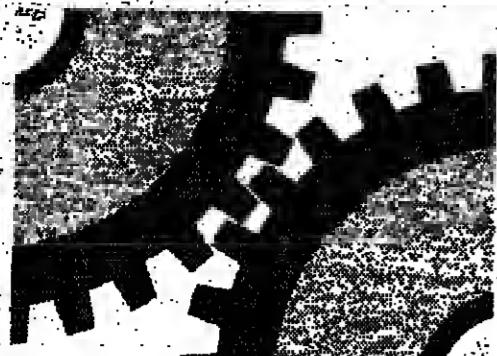
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TRADE & INVESTMENT

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JAPAN

Investments / A State of Flux

Opportunities Blossom For Foreign Investors

Japan's currently troubled economy has created the most amenable investment atmosphere for foreigners in this decade, according to mergers and acquisitions experts.

At no time in recent years have investment trends been in such a great state of flux, say market analysts, who note that the flow of long-term capital in and out of Japan appears to have leveled off.

Watchdogs in the representative offices of the American Chamber of Commerce and the European Business Community in Tokyo confirm that as Japanese businesses begin

prices and the low level of private-sector investment. These have adversely affected business confidence and consumer spending. As long as consumers retain a pessimistic outlook, it is doubtful whether increased government spending will quickly give rise to increased domestic demand. Large increases in imports are not to be expected soon.

Concerning exports, the ITOCHU Corporation spokesman adds, "The trends are toward higher-value products and a steady appreciation of the yen. Export earnings will probably continue to grow at about the same rate as last year. In short, we foresee the trade imbalance persisting through 1993."

The value of Tokyo stock exchange stocks fell over 60 percent between late 1989 and late 1992, and domestic sales have diminished this year as inventories have swelled, forcing investment cutbacks and reorganizations among companies of all sorts, including banks and brokerages.

Slamming the brakes still further on Japanese corporate investment, even for much-needed modernization of plants and equipment, is a resolute curtailment of lending by banks struggling to meet the Bank of International Settlements' (BIS) 8 percent capital adequacy requirement, which goes into effect in March. Popular wisdom holds that, if the Nikkei average remains around 15,000, half of the 11 so-called City Banks — some of the world's largest financial institutions — will miss the deadline.

Already smarting from their own stock market losses, Japan's 21 largest banks are saddled with some 8 trillion yen in nonperforming loans, according to Ministry of Finance estimates. And the government looks unlikely to subsidize the liquidation of real estate held as collateral, especial-

Continued on Page 10



Tracking the course of a fast-changing economy proves a challenge.

Finance / Surviving the Slump

Barriers Lowered Between Banks, Securities Firms

Although some brokers remain bullish, most believe it is unlikely that Japan's stock markets will improve dramatically in the next 12 months. This will create advantages for foreign investors who can buy into companies while prices are low, and problems for listed companies.

In a series of convulsions, the Tokyo Stock Exchange's (TSE's) Tokyo Price Index, known as TOPIX, plummeted 82 percent from a high of 2,894.60 points in December 1989 to a low of 1,102.50 this August. The oft-quoted Nikkei average of 225 selected issues fell a similar 64 percent from 38,957.44 to 14,194.40 over the same period.

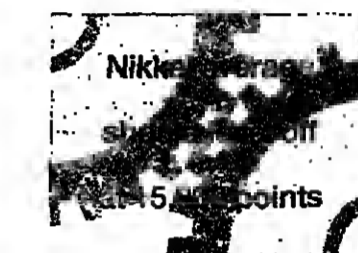
Many brokers believe the Nikkei average will level off at around 15,000 this spring and remain there through the year. Five large foreign firms — General Motors Corp., Avon Products Inc. and FPL of the United States, Philips of the Netherlands and News Corp. of Australia — recently asked to be delisted from the TSE, saying they consider the Tokyo market to be unprofitable.

Japan has been wracked by a whole series of economic and political problems, not all of which it can control. In any case, none of the current market depressants are likely to go away soon, even though companies may well regain their footing as inventories shrink and domestic consumption resumes its growth.

The government announced in August an 11-point stimulus package that it hopes will generate 10.7 trillion yen (\$86 billion) in economic activity. In particular, the plan seeks to help banks by facilitating the sale of land held as collateral on bad debts, and to revitalize the securities market by easing regulations, allowing firms to buy their own stock and increasing the amount of funds available through the post office's gigantic insurance and savings programs.

TSE and Finance Ministry officials believe stock prices will enjoy at least a moderate rebound in 1993 as the Keynesian policies take hold. But a general recession-driven malaise has prevented the stimulus package from having any immediate effect on either the markets or the economy as a whole.

To restore some confidence in the securities market, the government established this summer a Securities and Exchange Surveillance Commission. Toshihiro Mizuhara, the commission's chairman, recently met with



U.S. SEC Chairman Richard Breeden for advice. Despite criticism that the commission is organizationally linked to the Finance Ministry, its ostensible autonomy is widely praised by securities specialists as vital to restoring investor confidence.

To open more pastures for investors, the government has steadily removed most of the barriers between the banking and securities industries. "Internationalization or liberalization of the finance field is necessary in order to match customer needs," one Ministry of Finance official explains.

The Diet amended in July the Securities and Exchange Law's Article 65 to let banks establish securities

Continued on Page 11

emphasizing profits over market share, they are shifting from large-scale purchases to smaller acquisitions that fit into more streamlined business strategies. The main reason behind this contraction is simple: Japan's economy is currently so weak that many previously successful firms are having trouble even meeting operating expenses.

The government's 10.7 trillion yen (\$86 billion) "Economic Stimulus Package" is geared toward increasing domestic demand rather than exports and eventually reducing Japan's massive trade surplus. In practice, however, according to a spokesman for the ITOCHU Corporation, "a number of problems remain unresolved, particularly the collapse of asset

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Tokyo is making it easier for U.S. manufacturers to gain access to the Japanese computer market.

Investments / A State of Flux

Opportunities for Foreign Investors

Continued from Page 9

ly if land prices remain soft. The tight money supply has not only hurt Japanese investment, but is also reportedly affecting foreign economies and their ability to invest. The BIS earlier this year linked a \$40.5 billion decline in interbank fund transfers to moves by Japanese banks to pull back capital.

Generating investment capital through new stock issues is not only inefficient, thanks to low share prices and investor timidity, but also logistically almost impossible amid a nationwide, MOF-directed clampdown on new listings and secondary market activity.

Even as Japanese firms cut back on investments in such nonperforming markets as North and South

America, Europe and some parts of the Middle East, many companies report branching into the rapidly expanding economies of Asia, including Vietnam, Singapore, Thailand, Hong Kong, South Korea, Indonesia, Taiwan and southern China.

And what is bad for Japanese companies in general is proving to be a boon for foreigners looking to get their foot in the door, according to Tom Cappiello, the Arthur Andersen partner responsible for corporate finance consulting in Japan. He says that many Japanese companies are being forced to sell off assets, including stocks and real estate, and are increasingly willing to entertain the possibility of investment from abroad. Mr. Cappiello points out that many over-

seas companies have opinions about Japan that are several years out of date and may not realize the investment opportunities until it is too late.

The time to seek out "strategic partnerships" is now, about six months before the Nikkei average could bottom out, according to some analysts, at between 13,000 and 14,000. Mr. Cappiello believes, adding: "Investment opportunities exist not only here, but also abroad, where Japanese firms are liquidating assets."

A recent report by Yamachi Securities found that during the first half of 1992 alone there were 18 mergers with or acquisitions of Japanese companies by foreign entities, twice the total for all of 1991 and in stark contrast to the

15 to 18 takeovers registered annually since 1988. Some M&A specialists speculate that 1993 will see some 40 to 50 such mergers.

Foreigners have long been drawn to firms that offer distribution channels or production bases in Japan, but are now said to be eyeing hard-hit manufacturing firms, including pharmaceuticals, chemical and electronics makers. Most recently, Asian firms have expressed strong interest in Japanese real estate, brokerage sources say.

But despite the desirability for Japan of foreign investment now, the long-awaited M&A binge may well not come to fruition while stock markets here remain volatile, some analysts argue.

David Bottoff

Trade / Coping With Imbalance

Auto Sector Key to Reducing Surplus

The Japanese government is attempting to boost domestic demand in order to increase imports, thereby shrinking its massive trade surplus. But the imbalance is expected to persist through 1993 at least.

When U.S. President George Bush led an entourage of top American auto executives on a visit to Tokyo in January, he was described by the Japanese media as acting more like a car salesman than a head of state. After several years of witnessing a steady decline in its massive trade imbalance with Japan, the Americans were once again watching their deficit reach record proportions. And, as always, when you are talking about the trade imbalance between Japan and the United States, you are talking mainly about automobiles and auto parts.

The auto sector makes up some 75 percent of Japan's trade surplus with the United States and 30 percent of its surplus with Europe. Due largely to the recession that has choked off consumer spending everywhere, Japan's overall trade surplus was \$88.3 billion in 1991 and analysts predict that the figure may reach \$110 to \$129 billion by year's end.

The recession has put on hold the hard-won progress made in a number of trade sectors that had provoked contention, including semiconductors. In August, Tokyo renewed its pledge to help foreign chip makers attain a 20 percent share of the Japanese market by the end of 1992. Although the figure is now nearly 16 percent, few industry executives here believe the target can be reached.

There is more optimism among foreign auto-parts makers. In the January talks with the Americans, Prime Minister Kiichi Miyazawa signed the Tokyo Declaration urging Japanese manufacturers to voluntarily increase targets of auto-mobile imports and auto-parts procurements.

During Mr. Bush's visit, Tokyo announced a package of measures to improve U.S. access to the Japanese auto, glass, paper and computer markets. The highlight of the package was Japan's purchase targets of \$19 billion for U.S. auto parts in fiscal 1994 and another target of importing nearly 20,000 U.S.-made cars within the next few years.

Specifically, Toyota Motor Corp. announced it would nearly double its foreign parts and materials procurement to \$4.6 billion by 1994. The company has also agreed to extend technical support to U.S. parts makers. It has even

agreed to market the cars of its nemesis, General Motors, in Japan.

Honda Motor Co. is leading the pack in importing foreign-made Japanese cars. Imports of such cars last year from the United States increased more than 20.8 percent over the previous year, according to the carmaker. "This year, we estimate we will import at least 20,000 U.S.-made Honda cars, about a 30 percent increase over 1991," says Honda spokesperson Shin Tanaka.

Nissan Motor Co. says it plans to boost its imports and U.S. purchases to \$3.7 billion by 1994. Other automakers have set similar targets. "From an auto-parts perspective, things have been very positive," says C.E. Peterson, director of the Japan office of the U.S. Automotive Parts Industry. "Our work load has tripled. A multitude of Japanese companies are conducting supply searches for U.S. parts suppliers. There has definitely been progress since the Bush-Miyazawa talks," he adds.

Not to be outdone, the Europeans came knocking at Japan's door only days after Bush left. One automotive official astonished the Japanese by freely admitting there were few barriers left to the sale of foreign cars in Japan, but added that Japan's past protectionism had created "psychological barriers" among consumers. Thus, he said, Tokyo needed to adopt an "affirmative action" program to boost foreign automakers.

Japan accounts for over 11 percent of the EC's car market. In the first half of 1992, the EC's car-sector trade deficit with Japan grew to \$5.68 billion. In response, Japanese manufacturers have since announced cuts in car exports and plan to expand reimports of Japanese cars manufactured in the United States and the EC.

But the current downturn in Japan's domestic auto market, which saw a 14 percent decline in sales in October and is expected to worsen throughout the rest of fiscal 1992, is likely to further dampen foreign imports.

Earlier this year, some analysts predicted that a rebound in the Japanese economy would restore consumer spending and help level off the trade deficit. Now, the feeling is that the recession is bound to linger until at least the spring of next year, and the trade surplus to linger a lot longer than that.

Michelle Magee



President George Bush in Tokyo last January promoting American auto exports. Will President-elect Bill Clinton have any more luck?

Securities / Trying to Regain Economic Footing

Over-the-Counter Markets: Some Healthy

Once an exciting and rapidly expanding bourse, Japan's over-the-counter market is looking sluggish now, but some relief could come in 1993 through positive performance by non-manufacturing firms.

In the late 1980s, the Securities Dealers Association of Japan set out to install a state-of-the-art automated trading system called Japan Association of Securities Dealers Automated Quotations, or JAS-

DAQ. When the 15 billion yen (\$120 million) system went into action on Oct. 28, 1991, bourse gurus expected the number of listed companies to rise from about 300 to over 1,000 during the following five years.

But between 1991 and 1992, the number of companies qualifying to join JASDAQ fell from 95 to only 15, and no major improvement is expected to occur soon. There are currently 437 firms listed on JASDAQ and only 500 to 600 issues will be on the market in 1992, according to Koichi Hirata, head of the Conduct Division at the Japan Securities Dealers Association, which monitors JASDAQ.

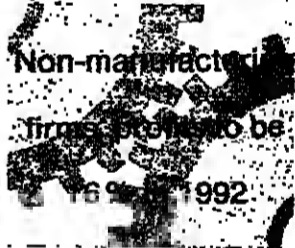
The Ministry of Finance asked the association two years ago to limit the number of companies joining JASDAQ, blaming the stock price collapse in part on excessive secondary market issues.

Meanwhile, both share volume and trading values have fallen. For example, some 1,066 million shares were traded in 1991 at a value of 6.04 trillion yen (\$48.3 billion). But through October, less than 353.7 million shares changed hands for just 803 billion yen (\$7.2 billion), according to the dealers' association.

And in an additional blow, Moody's Investors Service on Nov. 25 slashed the debt ratings of Japan's Big Four brokerages — the securities companies Nomura, Daiwa, Nikko and Yamachi — citing their failure to take adequate cost-cutting measures to counter a slump in commissions.

All this is occurring as

the number of firms looking to go public on JASDAQ has increased, due largely to a cutback in bank lending and a growing need for operating capital. Particularly interested in CTO listings are venture-type services and tertiary industries eager to improve credibility, secure talented workers and diversify their means of capital financing, analysts say. This trend is expected to continue as non-man-



facturing firms replace heavy industry as the backbone of Japan's economy. A recent Kantaku Research Institute survey shows that pretax profits among non-manufacturing JASDAQ companies will increase 16 percent in 1992, compared to net losses among manufacturers, especially chemical and electronics makers. Overall, pretax profits among JASDAQ member companies should surpass 7 percent, down from earlier estimates of 9 percent, the survey says.

In addition, JASDAQ prices as a whole should improve in the second or third quarter of 1993, after major companies listed on the Tokyo and Osaka exchanges dump their inventories and regain their economic footing. D.B.

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JAPAN

Tourism / The Boom

More Travel Abroad, More Fun At Home

Despite the economic slump, Japan's tourism industry remains robust. Millions of dollars are reportedly being poured into this booming industry to meet the growing demand for travel-related services and facilities both here and abroad.

"More people are visiting here, especially to find business and job opportunities, [and at the same time] the Japanese are traveling abroad in burgeoning numbers. The government, recognizing that travel is a good way to improve both cultural and trade relations, has done much to help the industry," says Motosha Tachikawa of the Japan Travel Bureau.

To help stimulate the economy and improve living standards, the Labor Ministry has directed big business to institute 40-hour work weeks and insist that employees take more vaca-



Not all work, more play. Leisure travel by the Japanese is increasing.

known for its high-profile role in hosting conferences, continues to expand and improve its facilities, according to Paul Murakami, public relations manager. Tokyo's 883-room Hotel Okura near the center of government and the Roppongi entertainment district has upgraded its 180-square-meter (1,937-square-foot) business center, and every room is to have a facsimile machine by the end of this year.

Another accommodations leader, the Takanawa Prince Hotel, has reportedly invested 20 billion yen (\$153.6 million) in its new state-of-the-art in-house convention center. The 418-room hotel and the adjacent 946-room New Takanawa Prince now dominate Tokyo's Shinagawa district.

The Miyako Chain recently opened its Koshien Miyako Hotel in Hyogo Prefecture's Nishinomiya, giving it a total of 18 hotels around the world. On July 30 this year, a new extension to the Tennoji Miyako Hotel in Osaka was completed. The Kyoto Miyako Hotel's 11 story East Wing extension was completed this past October.

But not all visitors to Japan come to do business. The Japan National Tourist Organization recently published a brochure called "Your Travel Companion" to give leisure tourists inside information on how to save money while having a good time, says Toshiko Sawata of the Japan National Tourist Organization, which has 16 branches worldwide. He points out that the new wave of foreign leisure tourists want to see Japan on their own and are not especially interested in luxurious Western-style hotels. "They are looking for something different," he says.

Among Japan's attractions for tourists are the many specialized fairs held each year, such as the International Contemporary Art Fair (NICAF) to be held in Yokohama from March 18 to 23, 1993. The event will boast about 100 exhibitors and is expected to attract some 70,000 visitors. Another draw is Japan's many theme parks. A massive water park is now being built

in Kobe, and Tokyo's Disneyland continues to attract large crowds.

Affordable package tours to Japan are widely available, simplifying travel for those who do not speak Japanese. The Japan National Tourist Organization and the Japan Travel Bureau have developed a variety of such tours to suit travelers' varied interests. D.B.

Finance / Surviving the Slump

Barriers Lowered

Continued from Page 9

houses as wholly owned subsidiaries and to permit brokers to set up banks. Although the bank subsidiaries will be largely limited to underwriting and will not participate in the equity-brokerage business, sources at such long-term banks as Mitsubishi, Fuji and Dai-ichi think the move will greatly help them stabilize their financial situation.

Liberalization started in May 1988 when the Diet revised the Securities and Exchange Law and passed the Financial Futures Trading Bill to permit stock-price-index futures trading. And some special futures-market participants, including banks, were recently permitted to buy and sell TOPIX futures and government bond contracts as part of their gradual introduction to the new system.

The MOF has also agreed to let banks set up a financial futures market for foreign currencies and short-term interest rates, and will broker firms and bank broker

international futures and options for customers after customer protection rules are developed, according to Arthur Andersen & Co.

Although the move toward an open financial industry is often attributed to outside pressure, non-Japanese have been largely left out of the debate. Further, many foreign financial firms report being comfortable with the niches they have created and either cannot afford, or are not interested in, branching out in Japan. But when the subject of breaking down the wall between the banking and securities industries began to be discussed in the mid-1980s, and even when the first scenarios were made public in early 1990, banks and brokers had sufficient capital to expand business operations. That is no longer the case. Because deregulation comes amid a capital crunch and a bearish securities market, a British-style "universal" financial industry is not likely to be created anytime soon. D.B.

Construction / Barriers Falling?

U.S. Firms Have Toehold In Public Works Projects

The Americans have finally been let in the door of Japan's exclusive public works market, but are only being offered a very limited number of what one industry analyst terms the "choice scraps" from the \$231 billion in contracts being served up by the government this year.

Still, these "scraps" are nothing to balk at. In the last three years, American firms have won some \$622 million worth of construction work in Japan under the "special measures" agreed to in bilateral government talks in 1988 to open Japan's market.

The result of the talks was the 1988 signing of the U.S.-Japan Major Projects Agreement, in which foreign firms were guaranteed equal access to 17 public works projects. Two years later, 17 more projects were added to the list, bringing the total estimated worth to more than \$20 billion, according to the Commerce Department.

U.S. firms such as Overseas Bechtel Inc., Schal Associates and the Austin Company have been the main foreign recipients of the contracts. Last year, Bechtel was awarded a contract to build the south wing of the passenger terminal of the \$1 billion Kansai International Airport, located on a man-made island in Osaka Bay.

Schal Associates started work this November on its eighth Japanese project, a 56-story office tower opposite the new Kansai airport, worth a total of \$439 million. Prior to the pact, "structural impediments" — most notoriously, *dango*, or the pre-bid system open only to Japanese contractors — were a major source of irritation for foreign firms.

But "special measures" were applied to the 34 major projects, which allowed for expedited licensing procedures for U.S. firms, more time to tender bids and the publishing of tender notices for projects open to foreign firms. These measures have helped U.S. firms win contracts for non-specified projects as well. Design firms, some of which were already making their mark in Japan prior to 1988, were also given a boost. But not all in the industry are satisfied.

"The disparity between the amount of work Japanese firms have in the U.S. and what U.S. firms have had in Japan is quite dramatic," says Jane Dudley, a consultant for the National Constructors Association in Washington. In 1990, for instance, Japanese companies won \$2.5 billion worth of contracts in the U.S. — 25 times the amount U.S. companies were award-

ed in Japan that year. "U.S. firms have been allowed a toehold in the market; it's a step in the right direction, but nobody is thrilled," Ms. Dudley says.

Both countries are scheduled to be back at the negotiations table this month to renew the pact, and U.S. negotiators will "call for more projects to be included in the agreement," according to Ms. Dudley. But Japanese officials may not be able to comply.

Japan's construction market has "gone from the most explosive growth period in 30 years to a dismal outlook," says Peter Sanborn, a construction industry analyst for Jardine Fleming Securities in Tokyo. He adds, "The choice scraps that were offered tantalized foreign firms into thinking there might be bigger meals in the future, but the fact is that there will be fewer meals to be had on the table." M.M.

Saving The Bottom Line

Olympus Optical Co.'s new automatic-focus, single-lens-reflex IS-3000 camera, an even more sophisticated camera than Olympus's successful IS-1000, has a 35 mm to 180 mm 5x zoom lens, a powerful built-in GN28 flash tube and a special Extraordinary Dispersion (ED) lens that guarantees superior definition and contrast even at great distances. Various modes can be selected to ensure ideal exposure in nearly any situation, and the camera weighs only 960 grams (33.8 ounces).

In a fiscal year plagued by recession, Japan's top commercial banks reported on Nov. 27 a decline in profits for the first half of the year. Saving the banks' bottom lines was a fall in Japan's short-term interest rates, which reduced the costs of funds and boosted profit margins on loans to clients. Aggregate operating profits rose 47 percent to 1,295 trillion yen (\$10.4 billion), giving some hope for a respite in 1993.

Capital / Heading Home to Tokyo?

The Fallout of the Credit Crunch

Just how hard hit are regions that once relied on Japan for a steady flow of cheap capital? While overseas markets — namely the United States and Southeast Asia — have been hurt by the credit crunch, analysts believe the fallout is not nearly as bad as had been expected.

In the United States, prospects initially looked grim as capital headed home to Tokyo. In fact, many analysts blamed the drop in available foreign credit for triggering and continuing the current U.S. recession. But some market watchers claim that the supply and demand for capital in the United States has remained at a steady level despite Japan's withdrawal, for two reasons: cost-cutting U.S. firms are shying away from borrowing, and EC banks have moved in to fill the gap left by Japanese banks.

Feeling the crunch, however, are the former darlings of Japanese investment: bond-issuing U.S. municipalities. In the 1980s, when Japanese banks were undercutting their competition, municipalities could count on the banks to issue cheap letters of credit. But with the focus now on profits, Japanese banks are charging rates on a par with their U.S. rivals. "Even so, the effect on U.S. finan-

cial markets is minimal," says Toshiki Takahashi, an executive with the Americas Division of the Japan External Trade Organization (JETRO). "The U.S. real-estate market is another story," he adds.

In the 1980s, Japanese banks focused heavily on U.S. commercial real-estate loans, handling over one-



third of such transactions in California alone. But as profit became the operative word, Japanese banks started foregoing their concentration on market share and began charging rates equal to those of their competitors.

Like their Western counterparts, the growing markets of Southeast Asia are also feeling the pinch. But on the upside, many Japanese investors are

still aggressively eyeing the Southeast Asian region. Whereas Japanese banks and other financial institutions have called home employees or closed unprofitable branches in Europe, North America and parts of the Middle East, they continue to open offices in Southeast Asia.

In addition, spurred on by the possibility of greater financial returns, several joint ventures involving Japanese partners that had already begun in the region will remain on track, with investors focusing particular attention on Vietnam and China. Despite the gloom and doom that the media have cited regarding the Japanese bank retrenchment, some experts believe there is a change on the horizon for cash-hungry foreigners. Fed up with low domestic interest rates and a poorly performing stock exchange, many Japanese are looking at foreign investments as safe havens for their hard-earned yen.

While this phenomenon doesn't bode well for domestic markets, many analysts still expect a turnaround in the Japanese economy by next summer or autumn. "With any luck," according to JETRO's Mr. Takahashi, "overseas lending will pick up, too." Robert Carroll

ITochu advertisement featuring a globe with the company name 'ITochu' written across it. Below the globe is a list of 60 international cities where the company has offices, including Tokyo, Osaka, New York, London, and many others.

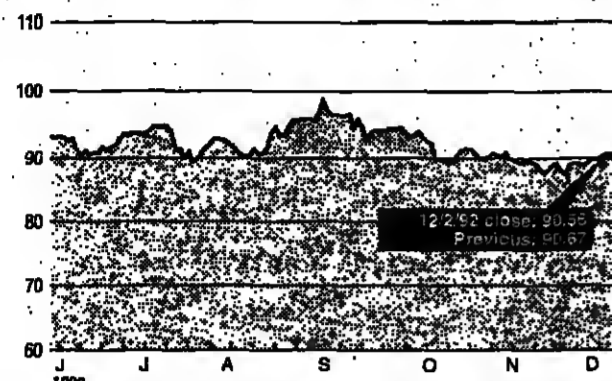
Takanawa Prince Hotel advertisement. It features a large black and white photograph of a garden. Text includes: 'NOT ALL OUR GUESTS ARE HERE ON BUSINESS', 'Our nostalgic garden and inviting hospitality attract visitors who seek a haven from the whirlwinds of Tokyo.', 'Right within reach of the city's central business district, the Takanawa Prince offers a space to relax and rejuvenate. And complete executive services to keep business flying smoothly in the meantime.', 'Takanawa PRINCE HOTEL', and contact information for Tokyo, Paris, Frankfurt, and New York.

ITochu Corporation advertisement. It features the headline 'HAVE YOU SEEN OUR NEW OFFICE?' and text: 'As the term "Global Community" becomes more of a reality, so too will the fact of a global marketplace. At Itochu, we feel the best way to integrate into this world without frontiers is to reposition ourselves as a true Globally Integrated Corporation. In line with this new stance, and our new name, is our new company motto, "Itochu. Committed to the global good." Not just an empty statement, these words indicate our shift from doing business as a purely profit-seeking exercise, to one where the benefits of our commerce are more equitably divided between economic gain, social well-being and the needs of the individual. It's a philosophy that we're putting to work in almost 150 Itochu locations around the world, in every field we're involved in, from satellite communications to ore refining. As we approach the next century, the way companies do business will change. With our global outlook, we already have.' Below the text is the ITOCHU logo and the company name 'ITochu Corporation'.

Handwritten note: 12/3/92

THE TRIB INDEX: 90.56

International Herald Tribune World Stock Index composed of 230 internationally investable stocks from 20 countries...



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland.

Table with columns for Asia/Pacific, Europe, N. America, and Industrial Sectors (Energy, Utilities, Finance, Services).

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

INTERNATIONAL MANAGER

Westinghouse Chief Finds Ignorance Is Not Blissful

By Kathleen Day, Washington Post Service

WASHINGTON — Just before Paul E. Lego became chairman of Westinghouse Electric Corp. in July 1990, he flew to Florida for what he expected to be a routine meeting with securities analysts...

CURRENCY & INTEREST RATES

Table of currency exchange rates and interest rates for various countries and currencies.

Executives Scramble to Cash In Now

By Steve Lohr, New York Times Service. NEW YORK — This could be a banner year for executive pay, thanks to Bill Clinton...

their salaries — like bonuses, grants of stock and exercising options to buy stock that were issued in earlier years. What Michael D. Eisner, the Walt Disney chairman, and Frank G. Wells, the company's president, did Tuesday was to exercise options on Disney stock granted in 1984...

EC to Press for Change in U.S. Trade Law

GENEVA — The European Community intends to ask for the abolition of Section 301 of the U.S. trade law in negotiations aimed at concluding the Uruguay Round of GATT negotiations...

Until now, France has been isolated within the Community as a result of its threat to veto the EC agreement with Washington to cut farm subsidies. Without going into details, Mr. Bergtvoigt told parliament that other EC countries were coming around to France's view following Washington's decision to impose punitive tariffs on European steel exports...

Turmoil Poses Lasting Threat In Hong Kong

HONG KONG — Political fears hampered the Hong Kong stock market for the second straight day on Wednesday, bringing warnings of a protracted slump for investors despite an economic boom.

The Hang Seng Index, the key market gauge, fell 93.12 points, or 1.69 percent, to 5,411.65, on Wednesday, following a 5.32 percent slide on Tuesday after China threatened Monday not to recognize contracts signed by the current Hong Kong government after 1997...

Governor Chris Patten of Hong Kong envisaged China with plans for democratic reforms before 1997. He refused Tuesday to comply with a demand from Beijing to drop plans he unveiled in October to widen elections for Hong Kong's Legislative Council...

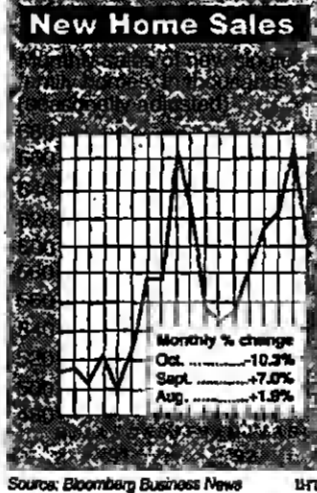
Prime Minister Li Peng implied Britain was disregarding agreements with China on Hong Kong's status through the transition period. "The essence of this problem is not whether we want democracy or not, but whether there should be good faith in abiding by the commitments," he said in Hanoi.

Mr. Li said China was concerned about events on the stock market. "We hope to see stability and prosperity in Hong Kong. We hope that stability and prosperity will be maintained there," he said. With the market down about 9.6 percent for the week, some dealers said stocks were oversold and ripe for a rebound...

Looking for a Little Clinton Lift

WASHINGTON — President-elect Bill Clinton's economic-stimulus program will provide a small boost to the U.S. economy next year, enough to make only a tiny dent in the unemployment rate, business economists predicted on Wednesday.

The survey by the National Association of Business Economists found that analysts at some of the largest U.S. companies held low expectations for what the incoming president will be able to accomplish. The association said the median expectation of 41 professional forecasters surveyed in late November was that Mr. Clinton's program would result in a slight, 0.2 percent increase in economic growth next year...



Source: Bloomberg Business News

Democracy in the Eurocracy

BRUSSELS — The EC Commission, reacting to criticism that it imposes its will on Europe from an ivory tower, on Wednesday took the first steps to seek more public involvement in its work.

Make EC documents available to the public faster through its information offices across the 12 EC states. Give more publicity to existing data bases and make these data bases more easily accessible. Among EC civil servants this is known as "transparency." The need for it gained prominence after the June 2 referendum in which Danes rejected the EC's Maastricht treaty on European union...

Centel Believes Sprint Merger Won Approval

CHICAGO — Centel Corp. predicted victory Wednesday for a proposed merger with Sprint Corp. after Centel shareholders voted on one of the year's most hotly contested buyouts.

Advertisement for CORUM watches, featuring an image of a watch and text: 'Quadratus'. A solid gold watch with the dial engraved in the "Clou de Paris" pattern. CORUM Maitres Artisans d'Horlogerie SUISSE. Automatic mechanical movement with date and second hands. Water-resistant. Also in white gold. For a brochure, write to: Corum, 2301 La Chaux-de-Fonds, Switzerland.

MARKET DIARY

Dow Edges Lower On Economic News

Bloomberg Business News NEW YORK — U.S. stocks slumped Wednesday for a second consecutive day following the release of some disappointing economic news.

The Commerce Department said sales of new single-family homes slumped 10.3 percent in October, the largest decline since March.

The Nasdaq composite index declined 1.07 to 3,286.25, led by a slump in Caterpillar Inc. Caterpillar fell 2 3/4 to 34 1/2 after the company said it would report a loss in the fourth quarter.

The Dow Jones industrial average declined 1.07 to 672.88, ending a streak of five straight advances. Standard & Poor's 500 index fell 0.89 to 429.89.

FRANC: Bundesbank Helps Out

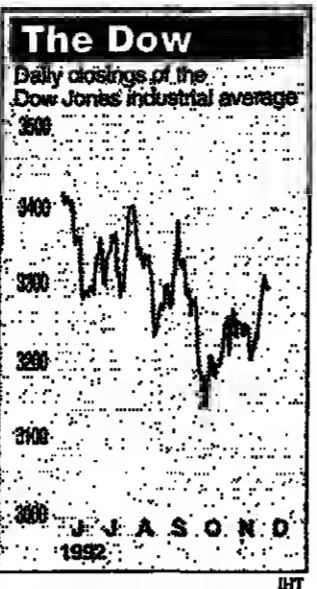
(Continued from page 1) Referring to the floating of sterling and the lira, he said: "The system is already seriously dented, and without the French franc its credibility would be in doubt. Trying to repair the system after that would be very difficult."

China Buys a U.S. Satellite

BEIJING — China has bought an orbiting U.S. telecommunications satellite, giving a big boost to its capacity for television broadcasting, telephone services and data transmission, the Xinhua news agency said on Wednesday.

WORLD STOCK MARKETS

Table of world stock markets including Amsterdam, Brussels, Frankfurt, London, Milan, Paris, Sao Paulo, Singapore, Stockholm, Toronto, Zurich, and others. Columns include stock names, prices, and changes.



The Dow Daily closings of the Dow Jones industrial average

Table of Dow Jones Averages showing indices for Industrials, Chemicals, Energy, and other sectors.

Table of Standard & Poor's Indexes showing various market indices.

Table of NYSE Indexes showing market performance.

Table of NASDAQ Indexes showing market performance.

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Salomon Cuts Back Phibro, Former Bond Traders Sued

NEW YORK (Combined Dispatches) — Salomon Inc. said Wednesday that it would take fourth-quarter charges of \$85 million to \$100 million and absorb the operations of its Phibro Energy Inc. unit, reducing its international oil-products trading.

Phibro estimated that 30 percent of the staff dealing with its trading operations would be cut, or about 150 people, with Salomon taking a fourth-quarter charge of \$25 million. Phibro already has laid off 65 London employees and 18 in Singapore. An additional charge of \$60 million to \$70 million comes from Salomon's consolidation of its four New York offices into two, a move expected to save \$18 million to \$20 million. The oil-trading unit had \$34 million of losses during the first nine months of the year.

The SEC, meanwhile, charged Paul Mozer and Thomas Murphy with violating record-keeping provisions of federal securities rules in a complaint filed in a New York federal court. The SEC complaint also alleged Mr. Mozer sold 46,000 shares of Salomon Inc. common stock while possessing confidential information related to the false bids. Mr. Mozer was the head of government bond trading and Mr. Murphy was the top trader. Both left the firm when Salomon disclosed in August 1991 that the SEC was investigating the Treasury scandal.

FMC, Harsco to Merge Defense Units

CHICAGO (UPI) — FMC Corp. and Harsco Corp., reacting to shrinking military budgets, said Wednesday they would combine their defense businesses.

The companies plan to merge FMC's defense-systems group and Harsco's BMY Combat Systems Division, both of which specialize in tanks and which have combined sales of about \$1.2 billion and about 8,000 employees. The announcement comes a week after Martin Marietta Corp. agreed to pay \$3.05 billion for General Electric Co.'s aerospace division, also a reaction to the prospects for reduced defense spending.

Caterpillar Turns Sour on Quarter

PEORIA, Illinois (UPI) — Caterpillar Inc. on Wednesday revised its fourth-quarter earnings outlook to a "modest" loss from its previous prediction of a marginally profitable period.

The revised outlook pushed down the price of Caterpillar stock — a component of the Dow. Caterpillar stock fell \$2.125 to \$54.50. The heavy-equipment maker cited two main reasons for the projected fourth-quarter loss: a reduced sales forecast, particularly in Europe, and rising losses from Brazilian operations that include write-offs for consolidating operations.

U.S. FUTURES

Table of U.S. futures markets including Grains, Metals, Lumber, and other commodities. Columns include contract names, prices, and changes.

Table of Stock Indexes including NYSE, AMEX, and NASDAQ.

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EUROPE

EC Steelmakers Fear a Flood U.S. Tariffs Likely to Create Glut in Europe

Bloomberg Business News
European steelmakers, angered at the U.S. imposition of punitive tariffs on their exports of steel plate, argued Wednesday that the worst, broadest effect would be the flooding of the EC market with products that can no longer compete in America.

Coca-Cola Poland to Cut Back Steel, Coal Sectors

Compiled by Our Staff From Dispatches
BUCHAREST — Coca-Cola Co. announced Wednesday it would double its investment in Romania.

Investor's Europe

Table with stock market data for Frankfurt DAX, London FTSE 100 Index, Paris CAC 40, etc. Includes columns for Index, Wednesday Close, Previous Close, and % Change.

WESTINGHOUSE: No Bliss in CEO's Ignorance

(Continued from first finance page)
financial unit distracted management from helping Westinghouse's core businesses in electronic defense systems and broadcasting to grow.

GATT: EC to Press U.S. on Law

(Continued from first finance page)
subsidies to one side while seeking to make progress in other areas.

Very briefly:

- Union des Assurances de Paris said it would inject 1.4 billion francs (\$260 million) of new capital into its Banque Worms subsidiary...
Standard Chartered PLC said Patrick Gillingam, the company's deputy chairman, will become chairman when Rodney Galpin retires in May.

Lego to Open Park in Britain

COPENHAGEN — Lego A/S, maker of toy building blocks, said it would open its first family amusement park outside Denmark on the site of the Windsor Safari Park, west of London, in spring 1996.

REPUBLIC OF LEBANON
REHABILITATION OF THE POWER SECTOR
PRE QUALIFICATION OF CONTRACTORS
For the rehabilitation of power, transmission and distribution facilities throughout Lebanon, the Republic of Lebanon has received a joint US\$ 110 million loan from the Arab Fund for Economic and Social Development and the Kuwait Fund for Arab Economic Development...

Some only offer umbrellas.
But Bank Julius Baer offers more - especially in these times of uncertainty. Our risk-adjusted approach to investing calls for examining every conceivable scenario and taking the appropriate steps to shield our clients' portfolios from the vagaries of turbulent markets.

NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

High	Low	Stock	Chg	YTD %	52-Week High	52-Week Low	Vol
114.25	113.75	IBM	+0.50	+12.5	118.00	105.00	12,500,000
100.00	99.50	Microsoft	+0.50	+25.0	105.00	80.00	5,000,000
150.00	149.50	Apple	+0.50	+15.0	155.00	130.00	3,000,000
100.00	99.50	Oracle	+0.50	+10.0	105.00	90.00	2,000,000
100.00	99.50	Novell	+0.50	+8.0	105.00	90.00	1,500,000
100.00	99.50	Lotus	+0.50	+7.0	105.00	90.00	1,000,000
100.00	99.50	Intuit	+0.50	+6.0	105.00	90.00	800,000
100.00	99.50	Visa	+0.50	+5.0	105.00	90.00	700,000
100.00	99.50	MasterCard	+0.50	+4.0	105.00	90.00	600,000
100.00	99.50	Discover	+0.50	+3.0	105.00	90.00	500,000
100.00	99.50	Amex	+0.50	+2.0	105.00	90.00	400,000
100.00	99.50	Enron	+0.50	+1.0	105.00	90.00	300,000
100.00	99.50	Exxon	+0.50	+0.5	105.00	90.00	200,000
100.00	99.50	Shell	+0.50	+0.2	105.00	90.00	150,000
100.00	99.50	BP	+0.50	+0.1	105.00	90.00	100,000
100.00	99.50	British Petroleum	+0.50	+0.0	105.00	90.00	50,000
100.00	99.50	Amoco	+0.50	+0.0	105.00	90.00	25,000
100.00	99.50	Conoco	+0.50	+0.0	105.00	90.00	15,000
100.00	99.50	Phillips	+0.50	+0.0	105.00	90.00	10,000
100.00	99.50	Occidental	+0.50	+0.0	105.00	90.00	5,000
100.00	99.50	Arco	+0.50	+0.0	105.00	90.00	2,500
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	1,000
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	500
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	250
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	100
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	50
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	25
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	10
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	5
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	2
100.00	99.50	Energy East	+0.50	+0.0	105.00	90.00	1

Symbol	Price	Change	Volume
IBM	114.25	+0.50	12,500,000
Microsoft	100.00	+0.50	5,000,000
Apple	150.00	+0.50	3,000,000
Oracle	100.00	+0.50	2,000,000
Novell	100.00	+0.50	1,500,000
Lotus	100.00	+0.50	1,000,000
Intuit	100.00	+0.50	800,000
Visa	100.00	+0.50	700,000
MasterCard	100.00	+0.50	600,000
Discover	100.00	+0.50	500,000
Amex	100.00	+0.50	400,000
Enron	100.00	+0.50	300,000
Exxon	100.00	+0.50	200,000
Shell	100.00	+0.50	150,000
BP	100.00	+0.50	100,000
British Petroleum	100.00	+0.50	50,000
Amoco	100.00	+0.50	25,000
Conoco	100.00	+0.50	15,000
Phillips	100.00	+0.50	10,000
Occidental	100.00	+0.50	5,000
Arco	100.00	+0.50	2,500
Energy East	100.00	+0.50	1,000
Energy East	100.00	+0.50	500
Energy East	100.00	+0.50	250
Energy East	100.00	+0.50	100
Energy East	100.00	+0.50	50
Energy East	100.00	+0.50	25
Energy East	100.00	+0.50	10
Energy East	100.00	+0.50	5
Energy East	100.00	+0.50	2
Energy East	100.00	+0.50	1

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Note that quantity discounts are available. Please allow three weeks for delivery.

INTERNATIONAL Herald Tribune

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(Continued on next page)

NYSE

Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press
(Continued)

Table listing NYSE stock prices for various companies including AIG, ALC, AOP, etc. Columns include stock name, price, and change.

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Wednesday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table listing AMEX stock prices for various companies including AIG, ALC, AOP, etc. Columns include stock name, price, and change.

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NYSE High-Lows

Table with columns for NEW HIGHS and NEW LOWS, listing stock symbols and their respective high and low prices.

AMEX High-Lows

Table with columns for NEW HIGHS and NEW LOWS, listing stock symbols and their respective high and low prices.

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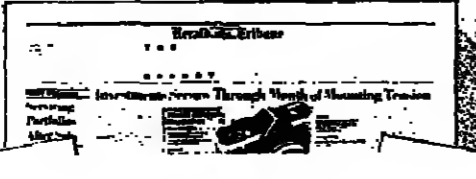
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For investment information, read

THE REPORT

every Saturday in the IHT.



Foreign Investors Are Running Away From Sydney Market

SYDNEY — Net foreign investment in Australian stocks has dropped by nearly 700 million dollars (\$480 million) in the first nine months of this year...

BA Said to Near Qantas Bid

SYDNEY — British Airways has prepared a bid for a 49 percent stake in Qantas Airways in conjunction with Australian institutional investors...

Japan, EC Split Over Car Quotas

Compiled by Our Staff From Dispatches TOKYO — Serious differences over prospects for the European car market are complicating the issue of Japanese auto exports to the European Community...

POSCO Plans 2d China Plant Deal Reflects Warm Seoul-Beijing Relations

SEOUL — Taking advantage of improved relations between Beijing and Seoul, Pohang Iron & Steel Co., South Korea's largest steelmaker, said Wednesday that it planned to build a cold-rolled steel sheet plant in China at an estimated cost of \$500 million...

Investor's Asia

Table with columns for Exchange, Index, Wednesday Close, and % Change. Includes data for Hong Kong, Singapore, Tokyo, and other regional markets.

Nomura to Reduce Staff By Cutting Back Hiring

TOKYO — Nomura Securities Co., struggling during a stock-market slump, said Wednesday it would reduce hiring to trim its staff by 1,400 jobs over the coming three years...

Toshiba Claims First in Recycling

TOKYO — Toshiba Corp. announced Wednesday the development of the world's first technology for reclaiming fuel oil from chlorinated plastics without emitting a poisonous gas...

Very briefly:

- Yanase & Co., Japan's top dealer of foreign cars, plans to sell 20,000 automobiles made by Adam Opel AG... Koyo Group Co. launched a 21.5 million yen (\$172,300) X-ray system...

Table of International Funds (left column) listing various fund names and their performance metrics.

Table of International Funds (middle column) listing various fund names and their performance metrics.

Table of International Funds (right column) listing various fund names and their performance metrics.

John, in photo

SPORTS BASKETBALL

The Shaq Is Shakkled In Seattle

The Shaq Attack snagged a touch in Seattle... Shaquille O'Neal, the sensational rookie for the Orlando Magic...

NBA HIGHLIGHTS

got the ball to fall? O'Neal said... Seattle's defense didn't do anything that we haven't seen already...

Jordan Misses Second Game

CHICAGO — Michael Jordan was not able to play in the Chicago Bulls-Boston Celtics game Wednesday night because of his sprained foot.

Condescending and Standpat, Bulls May Be Headed for Fall

By Harvey Araton... NEW YORK — Michael Jordan really said this on Saturday night's dreadful 37-point loss to the New York Knicks...

Michigan Scrapes By Rice, Seton Hall Holds Off Rider

The Associated Press... The first full night of college basketball in the 1992-93 season was almost a dead end for top-ranked Michigan and No. 6 Seton Hall.

PGA Acts to Speed Up Slow Players

PALM HARBOR, Fla. (AP) — The U.S. PGA Tour Policy Board has adopted tougher, more stringent guidelines involving slow play in pro golf tour events that, subject to ratification, could go into effect at the Doral Open in March.

For the Record

The National Football League, reacting to the possibility that heavyweight champion Riddick Bowe might defend his title at halftime on a rival TV broadcast, said it will adhere strictly to a 20-minute interval at the Super Bowl, a reduction of 12 minutes from last year.

Quotable

Rick Majerus, University of Utah basketball coach: "They talk about the economy this year. Hey, my hairline is in recession, my waistline is in inflation. Altogether, I'm in depression."



Kevin Duckworth ran into a thicket of Knicks, headed by Charles Oakley, as New York's theory defense stopped Western Conference-leading Portland, 101-85, in Madison Square Garden.

COLLEGE BASKETBALL

scoring drought, while junior college transfer Darrin Hancock had 14 points and eight rebounds in his Kansas debut.

WALLES CONFERENCE

Table with columns for team names and statistics for the Wales Conference.

CAMPBELL CONFERENCE

Table with columns for team names and statistics for the Campbell Conference.

TRANSNATIONS

BASEBALL — American League... Boston's two-year contract with Billy Hooper, outfielder, and Scott Fletcher, infielder.

CRICKET

FIRST TEST... Sri Lanka vs New Zealand, Last Day Wednesday, in Sharaden, Sri Lanka.

2 Powerhouses Tested in Openers

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SCOREBOARD

BASKETBALL

Major League Scores... Boston U. 79, UC Irvine 76; Baylor 77, San Houston 54.

NBA Standings

Table showing NBA Standings for Eastern Conference and Western Conference.

HOCKEY

Table showing NHL Standings for Wales Conference and Campbell Conference.

SIDELINES

Australian Cricket Players Fined

MELBOURNE (AP) — Australia's captain, Allan Border, and pace bowler Merv Hughes both were fined Wednesday after being found guilty of dissent during the first cricket test against the West Indies in Brisbane.

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ESCORTS & GUIDES

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Advertisement for Belle Epoch, Mercedes, and Zurich services, including contact information for various agencies.

ART BUCHWALD

Unchristian Remarks

WASHINGTON — I was on a Greyhound bus going to Baltimore the other day. I came across a story in the newspaper concerning the trouble that Governor Kirk Fordice of Mississippi got into when he said in a speech that it was a simple fact of life that the United States was a "Christian nation." He was rebuked by the governor of South Carolina who said that it was a Judeo-Christian country. Fordice responded that if Buchwald thought the United States was a Judeo-Christian nation he would have said so.



The exchange caused panic in the Republican Party ranks and there were discussions everywhere — even on the bus. The man next to me, who was reading over my shoulder, said, "I like to think of America as a Shiite Muslim-Judeo-Christian country." "That sounds reasonable," I told him. Just then an Oriental passenger sitting behind me tapped me on the shoulder and said, "I prefer to describe the United States as a Buddhist-Shiite Muslim-Judeo-Christian nation."

A woman wearing a beautiful sari added, "That's easy for you to say, but has it ever occurred to you that everything that is wonderful about our lives comes from the Hindu culture? You can't leave us out."

The Rijksmuseum Buys Portrait by Rembrandt

AMSTERDAM — The Rijksmuseum said it bought a portrait by the Dutch master Rembrandt from two American collectors for \$9.5 million. Otto Naumann and Alfred Bader paid \$4.8 million for the work at a Sotheby's auction in July.

"I certainly won't. How about this: 'What makes us the greatest people on the face of the earth is that we are a Hindu-Buddhist-Shiite Muslim-Judeo-Christian country?'"

A man in the back row came forward. "I'm from West Virginia and the U.S. was out for the Fundamentalist snake-worshippers."

"If you're going to include snake-worshipping, you have to add devil-worshipping. The man who spoke these words had fangs protruding from his gums and had built a fire in the aisle of the bus."

The discussion was getting out of hand, so I said, "I know that this country prides itself on accepting all kinds of religions, but you can't include everyone when you go in America you'll find a group of people who worship their own God but that doesn't mean you include every religion at a governors' conference."

"You're just saying that to eliminate the Holy Rollers," another passenger added as he sprinkled water on the bus driver. "The country would never have lasted this long if our sect hadn't led the way." "I was losing control of the bus," I said. "Perhaps," I suggested, "we could assign a different religion to the nation every week. That way nobody would be offended."

A Japanese man across the aisle opened his suitcase and took out a Samurai sword which he held to my throat.

"Will you include Shinto as a national U.S. religion?" "I was just about to mention it," I assured him.

I felt that I had all the bases covered when another person got on the bus. He was asked what kind of nation he thought we were and he replied, "An agnostic nation."

I added that to the list. It was fascinating to have so many varied opinions on what kind of country the United States really is — on one bus. But we all agreed that Governor Fordice doesn't know what he's talking about — and each of us in our own way prayed for his soul.

The Star of the Show, the Son of Monk

By Mike Zwerin

PARIS — Theonious Sphere Monk, a.k.a. the "High Priest of Bop" composed "weird" tunes, many of which turned out to be hits and left his family anything but destitute, contrary to popular myth that he was an airhead.



T. S. Monk, promoting the institute by playing the music.

In the late 1970s, his son T. S. Monk, who handles the estate, had considerable success as a rhythm and blues artist. He learned about producing, royalties, publishing and promotion. T. S. is in a position to invest in proper production of losing propositions like jazz records. His first, "Take One," is out on Blue Note. Also in the position to give away money, he runs the Theonious Monk Institute of Jazz.

For the past five years, the institute has sponsored a competition for unknown players, each year a different instrument. Past winners went on to sign record contracts and become instant young Turks — the pianist Marcus Roberts, the trumpeter Ryan Kysor and the tenor sax Joshua Redman, for example. This fall, the (drum) competition was a joint venture with Lincoln Center, where it was held. A jury of top pro drummers awarded first prize to Harold Summey, a 28-year-old veteran of the Washington scene. Jason Marsalis, 15, who members of his musical family say is the most musical of them all, made it to the semifinals.

T. S. and his sister Barbara co-led the R&B band called T. S. Monk, scoring with the hit "Tom Much Ton Soon." When Barbara died of cancer, he lost "my partner" and then his father died. He had nothing to do, felt like doing nothing. But being a "business guy," realizing that if he didn't do it somebody else would, he created the institute.

T. S. had a lot of business in him. He's a musician 100 percent, but he had learned which business practices worked and which did not. And he learned the ins and outs of raising funds for a tax-free foundation and how to put educational programs together, networking with a "wonderful lady" named Marie Fischer, founder and director of the Beethoven Society of America. Fischer died last year at the age of 87. At her funeral, the critic Ira Gitler said that Theonious Monk was to jazz what Beethoven had been to classical music.

made of heavy metal and nobody had car alarms so you could bang on them without problems. At the time, his father could not afford to buy him drums. He says lack of instruments and musical programs in public schools combined with increased social consciousness produced rap music. He respects rap but wants ghetto kids to learn instruments and develop their culture and is guiding the institute into educational situations.

In connection with his institute work, every so often he would be asked to play by the likes of Clark Terry, Jimmy Heath and Wynton Marsalis. That meant he had to go to practice instead of "toying around with every drum machine on planet earth" in the computerized studio in his basement, basically just killing time. It occurred to him that in addition to all the necessary blab-blah, which he is already good at, he could promote the institute by playing the music.

The problem was that he already had a name, from his father and his R&B success. So if he walked on a bandstand, one way or another, club owners were going to exploit him. His name was going to be on the flyer or on the sign outside, so he had to be subtle. If he were the star of the show, the only way to get around that was to be the star of the show. When he played R&B, jazz people related to him like, "oh, isn't it cute? Monk's son plays R&B." Playing straight-ahead jazz, however, it was going to be: "Can he play? Is he for real?" That meant his product had to be unquestionable. Dead serious. To thwart the micro-scrutiny he knew he would get, the only solution was to "go like a mad dog, to take an approach like an NFL defensive lineman." It was as an approach he had already learned from his father, and from Bird, Trane, Miles, Max, and all those cats who used to come into the house every day. They all had that attack attitude about jazz music. He attacked it as press agent, producer and leader as well as drummer.

Listening to the T. S. Monk Band, your reaction might be "too much attack, man. Lighten up." Their neo-hard-bop is physical and fast — "Round Midnight" in triple-time. It can be compared to hard rock, not materially or texturally, but with its take-no-prisoners game-plan. Modeling his new incarnation principally on Blakey's Jazz Messengers, the band occasionally misses tackles. However, he presents music with a sheen, it sparkles, it's entertainment.

As far as T. S.'s is concerned, record-making is about hits. He doesn't care if it's a polka hit, a country hit, a rock hit or a bebop hit. It's about records. If you're going to make a hit record, you have to choose the right music. You cannot write the names on Tuesday and record them on Thursday. He rehearsed his jazz sextet for four months before going into the studio, he could afford it. He considers every tune on his first jazz album "a hit, a classic. You can sing every song and even most solos, they are memorable. It's a question of good recording principles." He's in the record business to sell records.

His father had been "miserable" because record companies "would not pick up the bread to give him one more day in the studio to get it right. They were making records for \$5,000 and then complaining that jazz records don't sell."

T. S. considers Theonious the "ultimate pop writer in jazz in that he wrote more tunes than people can hum off the top of their head than anybody." He's on a "mission" to promote them, and others written by his father's neglected peers like Kenny Dorham, to get "jazz music that has generally been missed" out to the public and into the schools so that students who otherwise don't have access to obscure (and often sloppy) recordings can learn to appreciate music and keep it alive.

He does not miss the more earthy R&B groove. He applies a lot of what he learned over there to neo-bop. Anyway, who knows, he might go back to it one day. He considers R&B "real music, just another branch of some tree." In the meantime, he's obviously having fun. He feels fortunate being "allowed" to do this: "It's a hell of an adventure."

PEOPLE

Who? An Introduction To Katharine Hepburn

Burt Reynolds regaled a crowd at the Directors Guild in Los Angeles with the tale of how he lured Katharine Hepburn to appear in "The Man Upstairs," a made-for-TV Christmas movie that she says is her last performance. Reynolds said he was "scared to death" when he called Hepburn to pitch his project and was taken aback when she answered the phone herself. "Who the hell is this?" she demanded. Reynolds identified himself. "Who?" she repeated. "Four times I said my name," he said. "And every time, a 'Who?' Finally, he said, 'Burt Reynolds. I was very big in movies at one time.' Her response: 'Call me back.'"

Prince Charles will not let Princess Diana go with him to the United States in February because he dreads having the spotlight on their marriage again, according to the Sun newspaper. It's only been a month since their disastrous trip to South Korea, on which they were shown as an unsmiling, unfriendly pair. But despite what people think of individual members of the royal family, Britons remain staunch monarchists. So says a poll in the Daily Express. Asked whether the monarchy should end when Queen Elizabeth dies, 78 percent said no, 18 percent said yes. The poll also found that 71 percent believe the Duchess of York, who is separated from Prince Andrew, is the royal who has done the most damage to the family.

A year after his celebrated rape trial, William Kennedy Smith has immersed himself in the grueling routine of a medical resident at the University of New Mexico in Albuquerque. He tries to keep a low profile. But since Smith's acquittal, on Dec. 11, 1991, the woman who made the accusation, Patricia Bowman, has been campaigning against the news media.

Pierre Carlin has become the first couturier to gain a seat at the French Institute, as a member of its Académie des Beaux-Arts.

INTERNATIONAL CLASSIFIED

Weather table for Europe with columns for High, Low, Wind, Temperature, and Precipitation for various cities.

Weather forecast for Friday through Sunday with maps of North America, Europe, and Asia, and text describing weather conditions.

Weather table for Asia with columns for High, Low, Wind, Temperature, and Precipitation for various cities.

Crossword puzzle grid with clues for Across and Down words.

Bridge game section including a hand diagram and text explaining the game.

LOOKING AROUND: A Journey Through Architecture by Witold Rybczynski. Illustrated. 301 pages. \$22. Viking Penguin.

shift from a backstage space where the help once did the work, to a more public space where families increasingly live and entertain. As for the bathroom, he writes: "It is truly a place for self-presentation — of oneself, to oneself. A fitting sign of the self-absorbed, individualistic 1980s."

One of his chief concerns is what the balance between art and utility in architecture should be. It is most good without saying that he admires the beauty of well-designed buildings. In "How to Pick an Architect," he describes how Phyllis Lambert, the daughter of Samuel Bronfman, went from success to success by selecting first Ludwig Mies van der Rohe to design the Seagram Building in New York City, which Mies's biographer called "the most important tall

building of the post-World War II period," and then Peter Rose to create the Canadian Center for Architecture in Montreal. Yet it vexes him that in the journal Progressive Architecture, below a photograph of a house designed by Richard Meier for a couple with an extensive collection of art and craft objects, "the caption notes that because the architect did not approve every artifact in the collection, some pieces were temporarily removed when the photographs were taken."

Again and again in this volume Rybczynski is assailed by considerations of the practical tests that architecture must pass. Why do single-family dwellings continue to be so large when the average size of the North American family is shrinking? He wonders why — at a time when land values are rising,

when construction costs and the prices of existing homes seem impervious to recession, and when shrinking families have shown a willingness to make do with less space — "municipalities, reflecting the attitude of homeowners, have staunchly resisted the idea of modifying zoning regulations to permit the construction of smaller houses or to allow the subdivision of land into smaller plots."

Christopher Lehmann-Haupt is on the staff of The New York Times.

Large advertisement for AT&T USA Direct Service, featuring the slogan 'Speed up the approval process.' and a list of international access numbers.